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Department of
Agriculture

Office of
Inspector
General

Office of Inspector General FY 2002 Annual Plan

October 1, 2001-
September 30, 2002



**Office of
Inspector General**

FY 2002 ANNUAL PLAN

October 1, 2001 - September 30, 2002



FOREWORD

This is the Office of Inspector General's (OIG) Annual Plan for fiscal year (FY) 2002. This plan describes our strategies for conducting audits, investigations, and evaluations to provide our Department's managers with information they can use to improve the programs and operations they administer.

Normally our strategic planning process allows us to direct our resources to those programs most vulnerable to fraud and waste, or those where the largest dollar losses are most likely to occur. This year, however, the terrorist attacks on New York and Washington, D.C., have caused us to focus our attention on a different kind of vulnerability within the Department of Agriculture (USDA), namely its infrastructure—the means by which the Department protects the Nation's food supply and its agricultural productivity.

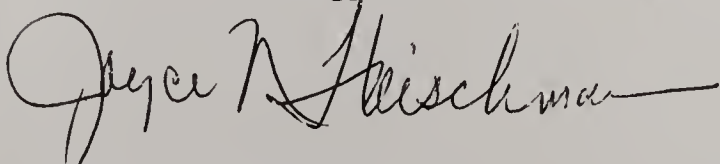
For this reason, we have readjusted our priorities for FY 2002. Our major focus will include an accelerated review of controls over accidental or intentional release of biohazards, with an emphasis on the physical security of USDA laboratories around the Nation where biological materials are stored that are harmful to plants and animals. Similarly, we will review laboratory and field site controls over genetically engineered organisms, whose premature release into the environment in an untested state could damage the agricultural economy. We also intend to renew our efforts in reviewing the security and controls over USDA's information technology systems and resources to ensure that the flow of information vital to the Government's business cannot be disrupted. This will become a critical area as the President's e-Government initiative, providing for on-line customer transactions, is phased in, particularly in overseas areas where broader foreign markets are being sought.

Infrastructure security will play a key role in our planning in other program areas as well. Some of these areas include: (1) reviewing the implementation of the national fire plan; (2) assessing the Department's development, implementation, and administration of the programs provided under the Agricultural Risk Protection Act; (3) assessing the steps being taken to reorganize the meat and poultry food safety inspection system; (4) monitoring the continued expansion of the Electronic Benefits Transfer systems for entitlement programs; and (5) monitoring the implementation of the new farm bill. In addition, our resources will continue to be directed to issues affecting food and consumer protection and to threats to the health and safety of the public, as well as threats against USDA employees.

This fiscal year, we are also undertaking a complete review of OIG's operations with the goal of re-engineering our business practices to take full advantage of state-of-the-art technologies in our audit and investigative activities, streamline operations, and increase office efficiencies. In the past several years, limited funding, along with new statutory mandates for Inspectors General, have required OIG to divert resources from our core audit and investigative work. Significant resources continue to be allocated to audit the Department's financial accounting systems, as required by the Chief Financial Officers Act of 1990. Our re-engineering efforts will enable OIG to do more with less—to provide more proactive assistance to USDA agencies as they implement programs and to address those agency concerns that we are currently unable to undertake.

In this plan, we also set aside time to handle those unexpected, critical issues that invariably arise during the course of a year. These could include identifying the cause of food-borne illnesses, reviewing disaster-related situations that might be vulnerable to abuse and fraud, and acting on requests received from members of Congress and USDA agencies.

As always, we encourage agency management to provide input into our planning process, and where possible, we have included their suggestions in our FY 2002 plan.



JOYCE N. FLEISCHMAN
Acting Inspector General

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ACRONYMS

AMS	Agricultural Marketing Service	GIPSA	Grain Inspection, Packers and Stockyards Administration
APHIS	Animal and Plant Health Inspection Service	GPRA	Government Performance and Results Act
ARS	Agricultural Research Service	NASS	National Agricultural Statistics Service
CCC	Commodity Credit Corporation	NRCS	Natural Resources Conservation Service
CR	Civil Rights	OCFO	Office of the Chief Financial Officer
CSREES	Cooperative State Research, Education, and Extension Service	OCIO	Office of the Chief Information Officer
FAIR Act	Federal Agricultural Improvement and Reform Act of 1996	OIG	Office of Inspector General
FAS	Foreign Agricultural Service	OMB	Office of Management and Budget
FCIC	Federal Crop Insurance Corporation	PCIE	President's Council on Integrity and Efficiency
FNS	Food and Nutrition Service	RBS	Rural Business-Cooperative Service
FS	Forest Service	RHS	Rural Housing Service
FSA	Farm Service Agency	RMA	Risk Management Agency
FSIS	Food Safety and Inspection Service	RUS	Rural Utilities Service
FY	fiscal year	U.S.	United States
GAO	General Accounting Office	USDA	U.S. Department of Agriculture

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MANAGEMENT CHALLENGES

Over the past several years congressional committees, including the Senate Governmental Affairs Committee, Senate Budget Committee, House Government Reform Committee, and House Budget Committee, requested OIG to provide information on what OIG considered to be the most serious management challenges facing USDA. The following paragraphs summarize OIG's most recent response to the congressional request provided in December 2000. We have also identified some additional challenges that will be facing USDA as we enter into the new fiscal year.

FARM AND FOREIGN AGRICULTURAL SERVICES

1. Federal Crop Insurance

Crop insurance has become the USDA's farmer "safety net." The Federal Crop Insurance Reform Act of 1994 did away with the traditional crop loss disaster payments. The Federal Agriculture Improvement and Reform (FAIR) Act of 1996 phased out the traditional crop deficiency payments. Between crop years 1997 and 2001, crop insurance coverage increased from 182 million acres to 202 million. Over the same period, the Government's total insurance liability increased from \$25.5 billion to \$34.6 billion (as of September 17, 2001). For FY 2002, the Risk Management Agency (RMA) estimated total annual premiums would be about \$3.1 billion (\$1.9 billion of which is in the form of premium subsidy). Total FY 2002 indemnities are estimated to be about \$3.3 billion. Our audits have identified a number of areas where the crop insurance programs need to be strengthened and where we need to expend resources in future reviews:

Oversight by Insurance Companies and RMA - Current oversight and monitoring procedures by the insurance companies and by RMA need to be strengthened. In our audit of crop insurance quality controls, we found insurance companies' quality control systems did not produce meaningful improvements in program delivery and ensure program integrity, even though the systems generally complied with FCIC requirements. RMA is establishing a new procedure to evaluate the effectiveness of the insurance companies' quality control processes. However, this new system has yet to be evaluated as a means to ensure good quality control procedures being followed by the insurance companies. In our audit of crop insurance for nurseries, we found that RMA's system for identifying producers with abnormal loss histories and sanctioning them was not effective.

Conflict of Interest - Our audits have shown continuing conflict-of-interest problems in the multi-peril crop program delivery system involving policyholders, sales agents, loss adjustors, and insurance companies' employees. For example, in our audit of fresh market tomatoes crop insurance, we discovered a producer's employee who received over \$280,000 in commissions over 2 crop years while acting as a subagent selling insurance to his employer. The

producer/employer received over \$2.4 million in crop insurance indemnities, based partly on information provided by the employee to the insurance adjusters. Current audit fieldwork continues to disclose conflicts of interest as potential problems and OIG has ongoing investigations that are based upon the potential of conflict-of-interest conditions.

Verification By Loss Adjusters - Verification by loss adjusters is critical to program overpayments integrity. However, our audits have pointed out material weaknesses and shortcomings during this process, resulting in indemnity overpayments and other program abuses.

Yield and Total Liability - Our audits have identified a number of indemnity overpayments resulting from overstated or unreasonable yields and total liability. Ongoing efforts indicate that systemic edit checks are insufficient to detect such overstated or inflated yields.

2. Farm Loan Programs

With a portfolio of over \$18 billion, farm loan programs provide loans for the maintenance, purchase, development, and operation of family farms and ranches. Recent audit work showed controls were not adequate to ensure loans were properly made and serviced. Specifically, farm loans were made to a number of borrowers who had prior farm loan debt forgiveness (a program prohibition since enactment of the 1996 farm bill). In addition, the Farm Service Agency (FSA) did not subrogate guaranteed loan losses to the U.S. Treasury in conformance with the Debt Collection Improvement Act. We continue to work with FSA to examine controls over borrower eligibility, uses of loan proceeds, and loan servicing.

FOOD, NUTRITION, AND CONSUMER SERVICES

3. Food Stamp Program

The Food Stamp Program (FSP), administered by the Food and Nutrition Service (FNS), helps put food on the table of some 7.3 million households and 17.2 million individuals each day. It provides low-income households with coupons or electronic benefits they can use like cash at participating grocery stores to ensure that they have access to healthy food. Because of the size and vulnerability of the FSP, we annually devote a large number of staff days auditing this program. Audit issues that we continue to pursue include the following.

Electronic Benefits Transfer (EBT) Systems Implementation - All States are mandated to implement EBT for food stamps by 2002. Currently, 42 States and the District of Columbia have operational systems. We have audited controls over these systems and will continue to audit systems as new States implement EBT. EBT systems reviewed during FY 2001 included the District of Columbia and Hawaii.

Administrative Costs - States continue to claim costs that FNS should not reimburse. We will continue to evaluate whether administrative costs claimed were properly reported and allowable under program requirements.

4. Child and Adult Care Food Program

The Child and Adult Care Food Program (CACFP) is intended to ensure that children and adults who attend day-care facilities receive nutritious meals. In FY 2000, day-care centers and homes served 1.7 million meals. USDA expended about \$1.7 billion to reimburse the cost of meals and administrative expenses. OIG's initiative, "Operation Kiddie Care," focused on sponsoring organizations that administer the program in day-care homes and centers, and found a widespread breakdown of program controls that resulted in millions of dollars lost to fraud and abuse. OIG made a number of recommendations to address the control weaknesses. Congress passed legislation and FNS has proposed regulations to address OIG's recommendations. The challenge now facing USDA is to implement the legislation and regulations, and then assess whether the changes have eliminated or reduced the weaknesses and resulting losses.

FOOD SAFETY

5. Food Safety Issues

Food safety and quality issues have received considerable attention over the last few years. OIG began a food safety initiative in FY 1999 to review four areas in the Food Safety and Inspection Service's (FSIS) meat and poultry inspection activities including: (1) the implementation of the pathogen reduction and Hazard Analysis and Critical Control Points (HACCP) systems; (2) compliance and district enforcement activities; (3) laboratory testing of meat and poultry products; and (4) inspection of imported meat and poultry products. In June 2000, the reports were published and concluded that while FSIS had taken positive steps to secure the safety of meat and poultry products, more needed to be done in each of the four areas. Audits are currently underway covering the reinspection process and equivalency determinations of foreign inspection systems. Food safety issues will continue to be assessed with reviews of HACCP implementation in very small plants, residue controls, recall operations, and automated information systems used in the inspection process. OIG will also evaluate FSIS' monitoring of sanitation and processing in egg product plants.

Also critical is the need to ensure that criminal activity is identified and halted in cases involving the intentional contamination of food products consumed by the public; the processing and sale of adulterated meat, poultry, and egg products; and the substitution, adulteration, or other misrepresentation of food products regulated or inspected by USDA. Procedures are in place to assemble an emergency response team of auditors and investigators to review these emergency situations.

MARKETING AND REGULATORY PROGRAMS

6. Biological Security (Biosecurity) (*New Challenge*)

OIG plays an important role in protecting this country's agriculture infrastructure from possible harm due to the accidental or intentional introduction of foreign pests and diseases. Foreign plant and animal pests and diseases can be financially devastating to farmers, expensive for Federal and State governments seeking to eradicate them, and dangerous, sometimes fatal, to people, animals, and crops. The Department, primarily through the Animal and Plant Health Inspection Service (APHIS) and the Food Safety Inspection Service (FSIS), administers programs ensuring that plants, animals, fruits, vegetables, and meat products entering this country are safe and free from disease. OIG – Investigations becomes involved in these issues when criminal activity occurs, while the OIG – Audit probes for weaknesses in the programs' administration. For example, the number of investigations OIG has conducted into organized smuggling-for-profit of animal and plant products is increasing. This is a serious issue since it can be a means of unintentional introduction of pests and diseases into the U.S. through the illegally smuggled items. An audit is currently underway evaluating APHIS' controls over plant protection and quarantine activities to protect agricultural resources from the introduction of pests and diseases.

During this past year we initiated two audit surveys to address biological security. One survey included the objective of determining the adequacy of controls and security procedures used to prevent or minimize unauthorized access and removal, including theft and terrorist attacks, of pathogenic organisms from departmental facilities. Our ongoing survey has allowed us to observe that the departmental laboratories need significant improvement in physical laboratory security and the ability to timely complete background investigations for individuals seeking access to the facilities (e.g. pre-employment background checks, or background checks for foreign nationals). Our other survey included the objective of determining whether the regulatory authorities and control procedures over the release of genetically engineered organisms (GEO's) are adequate and effectively applied to protect agricultural production, forest flora, and public health. We have observed that the current management control procedures over the release of GEO's are either inadequate or ineffective. We plan to expand these surveys into full audits to better draft and propose appropriate recommendations to effect corrective action. We will continue to work with the Department to resolve these issues

OIG has also established a Biological Security Program for responding to intentional or catastrophic biosecurity threats to U.S. agriculture. It was established to address OIG's increasing investigative workload involving the threat to introduce and actual introduction of specific diseases or chemically contaminated agricultural products. A part of this program is OIG Regional Investigative Emergency Response Teams (IERT), which will respond to immediate threats and attacks directed against the U.S. agriculture infrastructure. Due to OIG's knowledge of USDA programs, these teams will coordinate efforts with other local, State, and Federal law enforcement agencies in the event of a terrorist or catastrophic incident.

NATURAL RESOURCES AND ENVIRONMENT

7. Forest Service (FS) Management and Program Delivery Issues

Management issues within FS have proven resistant to change. We attributed part of this to the agency's decentralized management structure. The agency delegates broad authority to its field units (regions, forests, and ranger districts) without having an adequate system of internal controls to ensure policies established by top management are followed. The use and accuracy of management performance information is severely limited. As a result, agency actions often run counter to the intent of top management. Following are some of the areas where recent audits and evaluations have identified significant issues:

- We identified serious weaknesses in the preparation and implementation of the environmental analyses required for timber sales. This resulted in environmental damage that could have either been mitigated or avoided.
- FS has not developed agency-wide policies for dealing with partnerships with private parties. As the agency moves to increased use of partnerships with private groups to meet its mission requirements, direction is needed to ensure these relationships comply with existing laws.
- FS' strategic and annual plans have lacked meaningful goals and objectives with relevant performance measures. Past performance measurement data has been irrelevant and lacked basic accuracy.

8. Implementation of the National Fire Plan (*New Challenge*)

In the summer of 2000, wildland fires in 16 States burned more than 7 million acres of public land, more than double the 10-year national average, and cost more than \$2 billion to contain. The Secretaries of the Departments of Agriculture and the Interior prepared a report that recommended how best to respond to the ongoing fires, reduce the impacts of these fires on rural communities, and ensure sufficient firefighting resources in the future. This report detailed a 10-year plan to reduce the catastrophic impact of fires on public and private lands. In response to this report, Congress appropriated \$1.1 billion to begin implementation of this plan. Similar funding increases have been proposed for FY 2002 and are expected to continue in future fiscal years. This significant increase in funding requires OIG's attention to ensure that these funds are effectively used and that the program objective of reducing the threat of catastrophic fire is achieved. Our audit work will focus on the agency's financial and performance accountability. Our initial audit has disclosed issues related to financial planning and accountability.

9. FS Land Exchange Program

Our audits of FS land exchange activities have continually showed significant weaknesses in all areas of agency management. Following are some of the specific areas where we continue to find major problems:

- Certain very expensive exchanges were being conducted even though planning documents did not identify the transaction as high priority. As a result, other high priority transactions may not have been accomplished.
- Controls over the appraisal process were not adequate to ensure that values of both the private and public land being exchanged reflected current market conditions. As a result, public land was undervalued while private property being acquired was overvalued.
- FS did not always ensure that public interests were adequately protected when third parties were involved in land exchanges. As a result, transactions were completed that had limited or no public value.

10. Grant and Agreement Administration

FS did not effectively manage grants agreements to ensure that funds were expended for their intended purposes and grantees complied with applicable financial management standards. Our reviews identified the following issues:

- Funds were used for purposes not authorized under the enabling legislation.
- Grantees were not matching Federal funds with required private funding.
- Unauthorized expenditures were paid with Federal funds.
- Accounting records were not adequate to allow for audits.
- Records were not adequate to determine if the grants achieved their intended purpose.
- "Participating agreements," a creation of FS, did not conform to the Federal Grants and Cooperative Agreements Act or to Office of Management and Budget and departmental regulations, were used to transfer funds without obtaining contractual assurance the recipient will use the funds for intended purposes and without the provisions necessary for effective FS oversight.

FS officials have taken limited action to address some of the concerns reported. However, we have still not reached management decision on six audit recommendations made over 2 years ago.

RESEARCH, EDUCATION AND ECONOMICS

11. Research Funding Accountability

In 1995, OIG met with members of the awards management and programs staffs to discuss repetitive findings in our reviews of institutional and individual grant recipients. Our analysis of cognizant agency reports and our own findings from several program areas disclosed that Cooperative State Research, Education, and Extension Service (CSREES) management controls did not ensure sufficient monitoring, review, and accountability for the use of its funds. For the past 5 years, we have continued to review the adequacy of CSREES' controls over the use of research funds and the adequacy of agency procedures to provide reasonable assurance that these funds are protected against waste, fraud, and mismanagement. We have conducted administrative reviews in the four delivery systems – direct administration, formula, competitive, and specified research funding. Our reviews of individual institutions and specific projects have repeatedly indicated that the controls over awards are insufficient to provide reasonable assurance that they are being expended as intended. This deficiency results from the meager resources allocated by CSREES to post-awards management, deficient reporting requirements, and funding decisions that favor institutional development over research productivity.

We are also concerned that recent funds were distributed without regulatory support (and therefore with questionable enforceability) for the eligibility and performance criteria required by the Agricultural Research, Education, and Extension Reform Act (AREERA), which became effective on October 1, 1999. This year we plan to review the implementation of AREERA. We suspended our review of the effectiveness of CSREES controls over formula funds pending the completion of CSREES management reforms required by AREERA. We did, however, convince CSREES to improve its monitoring of awardees' expenditures by reducing the backlog of delinquent final financial reports.

12. Competitive Grants Program Compliance

The National Research Initiative (NRI) was established in 1990 as a means to increase the amount and quality of science applied to high priority agricultural research issues. The program was intended to attract applicants from previously underutilized and untapped resources who might contribute scientific breakthroughs and an expanded knowledge base to solve current problems and unforeseen threats to agricultural production. To achieve this, the program was expected to provide the opportunity for awards to the broadest sources and best scientists in the United States.

Our review of the NRI competitive grants program for FY's 1993 to 1996 disclosed that the distribution of funds continued to reflect the same distribution as the other programs in that they favored large institutions that generally have performed well at grantsmanship. We found an apparent correlation between those institutions that receive the majority of NRI competitive grants program research grants and their representation on the peer review panels that determined which proposals would be considered for funding. We also found that the Strengthening Program, created to assist less competitive institutions to enter into the agricultural field, had not adequately assisted small and mid-sized institutions as intended. Our survey of small and mid-sized institutions found that 67 percent were concerned about the fairness of the CSREES selection process. Finally, we found that for the period covered by our review, CSREES used research program funds to augment the 4 percent administrative set-aside that Congress had earmarked in the NRI appropriation. We will also initiate audit surveys this year to determine if the peer review and selection procedures of the new programs assure competitiveness and the funding of the best research proposals.

RURAL DEVELOPMENT

13. Rural Rental Housing (RRH)

The RRH program provides low-cost apartments to people with low income in rural areas. There are approximately 458,900 RRH units nationwide. In FY 2001, the Government provided approximately \$679 million in rental assistance for tenants residing in RRH apartment complexes. USDA currently has over \$11.9 billion invested in RRH properties through its outstanding loans.

RRH programs are vulnerable to program fraud and abuse because of the large cash flows involved. OIG has worked with the Rural Housing Service (RHS) to detect fraud and abuse and remove from participation those who abuse the program. The report titled "Uncovering Program Fraud and Threats to Tenant Health and Safety," described the results of our team approach to identify and act on the worst offenders. Additional audits to improve the RRH program will reform program regulations to better disclose identity-of-interest (IOI) relationships and develop a loan classification system to identify and prioritize "at risk" properties.

Subsequent audit work has focused on RRH insurance expenses. The review found over \$900,000 of ineligible and excessive insurance expenses. We have continued to audit insurance expenses and have found similar problems and improper costs charged to RRH projects. In conducting our work, we are refining our expertise with RHS' database system that houses insurance information. This allows us to effectively analyze nationwide insurance data and identify improper insurance expenses, including offenders who abuse the program.

RHS has developed a prototype Multifamily Housing Enforcement Program that includes: (1) liaison with the U.S. Department of Justice to encourage acceptance of multifamily housing cases for prosecution and to provide and receive training concerning programs and procedures;

(2) a team of national and field office RHS staff trained in evaluation and program fraud detection; (3) coordination with the U.S. Department of Housing and Urban Development's Office of Enforcement to facilitate reviews of common program participants; (4) training for field staff in the review, determination, and evaluation of fraud and abuse, and in connection with the Office of the General Counsel, training on the legal process to bring action against parties who abuse the program; and (5) plans to implement recently passed legislation which will improve the Department's ability to enforce program regulations through both criminal and civil actions. OIG has participated with RHS on these initiatives and will continue to do so.

14. Rural Business-Cooperative Service (RBS)

The RBS Business and Industry (B&I) loan and grant program helps create jobs and stimulates economies by providing financial backing for rural businesses. RBS offers both direct and guarantee loan programs. In FY 2001, the B&I guarantee program had authority of \$1.5 billion with an additional \$1.1 billion available as emergency supplemental funding. The B&I direct loans were funded at \$50 million. Grants were much less.

During our nationwide review in FY 2001, we found B&I guaranteed loans where defaults occurred shortly after loans were given. Lender servicing was insufficient to prevent these losses, while appraisals were manipulated that resulted in further losses to the Government. In FY 2002, we are continuing to review guaranteed B&I loans, and will expand to audit the direct loan program. Our plans are to audit several B&I areas, including lender servicing, appraisals and non-traditional lenders. We also plan audits of the Rural Intermediary Relending Program, the Value Added Development Grants Program, and loan collateral.

ADMINISTRATION

15. Civil Rights Complaints

The Director of the Office of Civil Rights (CR) has full responsibility for investigation, adjudication and resolution of complaints of discrimination arising out of USDA employment activities or in the context of federally-assisted or federally-conducted programs, including complaints made by USDA employees, applicants for employment, and USDA program participants and customers.

We have performed seven reviews, during FY's 1997 through 2000, of the Department's civil rights operations relating to program complaint processing. Our last review also included a review of the Department's system for processing employment complaints. Our reviews were part of a continuing evaluation of the Department's civil rights complaint system, performed at the direction of the Secretary and the Assistant Secretary for Administration. We continue to work with CR officials to resolve the outstanding recommendations.

16. Workplace Violence (*New Challenge*)

OIG is increasingly involved in conducting investigations of the continuing number of threats and assaults against USDA employees and facilities. The sources of these incidents include employee on employee or individual citizens or groups that disagree with USDA policies and view violence as a means of creating the necessary change at USDA. In FY 2001, most threats and assaults involved APHIS, FSIS, FSA, and FS. There have been several serious incidents in recent years, including the murder of two FSIS inspectors and one State inspector, the murder of an individual who was assisting a Natural Resources Conservation Service official, and a double homicide and suicide involving APHIS inspection personnel. OIG expects to continue expending significant resources responding to threats and assaults of USDA employees.

CHIEF FINANCIAL OFFICER

17. Financial Management

USDA's financial management has not been sufficient to provide assurances that the consolidated financial statements are reliable and in accordance with generally accepted accounting principles. Over the last 6 years, we have issued disclaimers of opinion that mean USDA does not know whether it correctly reported all collected monies, the cost of operations or other meaningful measures of financial performance. For FY 2000, several USDA agencies could not provide sufficient, competent evidential matter to support numerous material line items on its consolidated financial statements. Significant problems exist in processing financial information in their accounting systems, as well as in converting that data into the new accounting system, the Foundation Financial Information System (FFIS). The Department's problematic issues with the financial management system will continue until at least 2002, at which point all USDA agencies should be converted to FFIS. Effective implementation of FFIS is needed to improve the Department's financial management and assure that managers have reliable data to manage their programs.

Material components, such as FS, Rural Development (RD) and the Commodity Credit Corporation (CCC), must improve their financial management activities before the Department can improve its financial management as well as its audit opinion. Areas that need improvement include:

- On October 1, 1999, FS implemented FFIS for all accounting transactions. Because of the complexity, as well as FS' and our unfamiliarity with the new system, the USDA Office of the Chief Financial Officer experienced difficulties in extracting data universes needed for transaction testing. Also, FS could not verify transactions related to the automated processes used by FFIS. These problems hindered our ability to determine if amounts related to FS' unpaid obligations, accounts receivable, accounts payable, revenues, and

expenses were fairly stated for FY 2000. In addition, we still could not determine the reliability of FS individual real property balances reported in the financial statements.

- RD's mission areas received a qualified opinion for its FY 2000 financial statements due to RD's inability to ensure that the cost of its outstanding direct and guaranteed loan programs are reasonably estimated at about \$11 billion.
- Our annual audit of the CCC's financial statements resulted in a disclaimer of opinion for FY 2000 because the Corporation was unable to provide sufficient and evidential matter to substantiate certain material financial statement line items within the timeframes established by the Department. Even when the Corporation eventually provided us their financial statements, we still found material errors in amounts reported as a result of CCC foreign loan operations.

CHIEF INFORMATION OFFICER

18. Information Resources Management/Security

Securing the availability, accuracy, and privacy of information in the Department's information technology systems remains a significant challenge for the Department. The Department continues to expand its use of Internet and Web-based technologies to provide services and information to the public, commonly referred to as "e-Government." E-Government offers extensive possibilities for the Department to improve its delivery of services, collection of information, and management of its operations. The Department has numerous information assets that include market sensitive data on the agricultural economy and commodities, signup and participation data for programs, personal information on customers and employees, and accounting data. The information and related systems face unprecedented levels of risk from intentional or accidental disruption, disclosure, damage, or manipulation. Public confidence in the security and confidentiality of the Department's information and technology is essential. The Department has taken positive action by developing a plan to strengthen USDA information security and by hiring a senior manager for cyber security. However, significantly more work is needed to strengthen departmentwide information security. Our audits continue to identify deficiencies in the security posture of the Department.

THE OIG MISSION

The Office of Inspector General was legislatively established in 1978 with the enactment of the Inspector General Act (Public Law 95-452). The act requires the Inspector General to independently and objectively

- perform audits and investigations of the Department's programs and operations;
- work with the Department's management team in activities that promote economy, efficiency, and effectiveness or that prevent and detect fraud and abuse in programs and operations, both within USDA and in non-Federal entities that receive USDA assistance; and
- report OIG activities to the Secretary and the U.S. Congress semiannually as of March 31 and September 30 each year.

We accomplish this mission by

- investigating allegations of criminal activity;
- using preventive audit approaches, such as reviews of systems under development;
- conducting audits of the adequacy and vulnerability of management and program control systems; and
- auditing the adequacy of large USDA payments, such as insurance and deficiency payments, major loans, and retailer food stamp redemptions.

OIG is headquartered in Washington, D.C., and has regional offices located in Atlanta, Georgia; Beltsville, Maryland; Chicago, Illinois; Kansas City, Missouri; New York, New York; San Francisco, California; and Temple, Texas. Our Financial and Information Technology Operations regional office is also located in Kansas City, Missouri.

We emphasize service to management at all levels of the Department by briefing senior Department officials on major audits and investigations. We also work proactively with agency managers, as part of a consolidated team, by directly encouraging management input into the audit and investigative process to help resolve difficult problems impacting program management and operations. As a member of the President's Council on Integrity and Efficiency (PCIE), we participate with other Inspectors General in multiagency projects where the issues are crosscutting and need to be addressed Governmentwide.

AUDIT AND INVESTIGATIVE UNIVERSE

The audit and investigative universe comprises all programs, functions, and organizations, and the contractors and grantees for which USDA is responsible. USDA's FY 2002 proposed budget contains a broad agenda of budget programs to support the Department's agencies and program operations. The annual program level, over \$94 billion, represents the value of benefits provided to the public by USDA. These benefits may be in the form of financial assistance through grants, payments, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance, or in-kind benefits such as commodities.

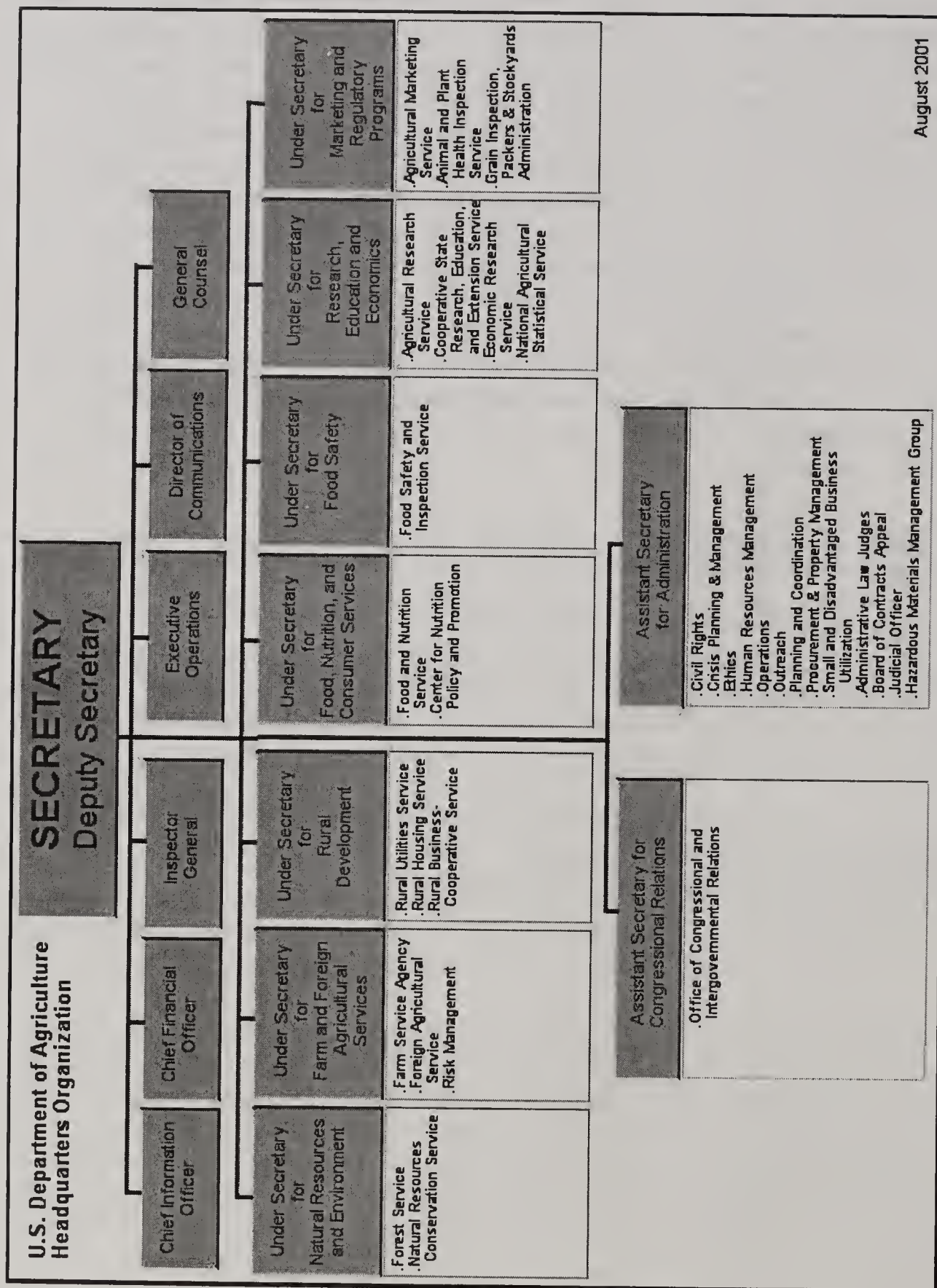
USDA programs are delivered in every State, county, and city in the Nation by over 109,000 Federal and non-Federal government employees. In addition, the Secretary of Agriculture has appointed agricultural ministers, attaches, and officers to 80 U.S. embassies, consulates, and trade offices covering over 100 countries. USDA is involved in extensive food quality and safety issues, food aid and assistance programs, market development activities, rural development initiatives, environmental and biotechnology issues, and a wide range of export promotion programs.

STRATEGIC PLANNING

Our strategic approach to planning and prioritizing audit and investigative activities enables us to focus our resources on those programs most vulnerable to fraud and abuse, or those where the largest dollar losses are most likely to occur. In each strategic area, we establish goals and plans for both short- and long-term emphasis. We work closely with agency management to identify those areas where we could provide assistance in resolving difficult issues.

Descriptions of our strategies and examples of planned audit and investigative work within the strategies are described in more detail in appendix I. A description of major audits and a complete list of all audits planned can be found in appendices II and III.

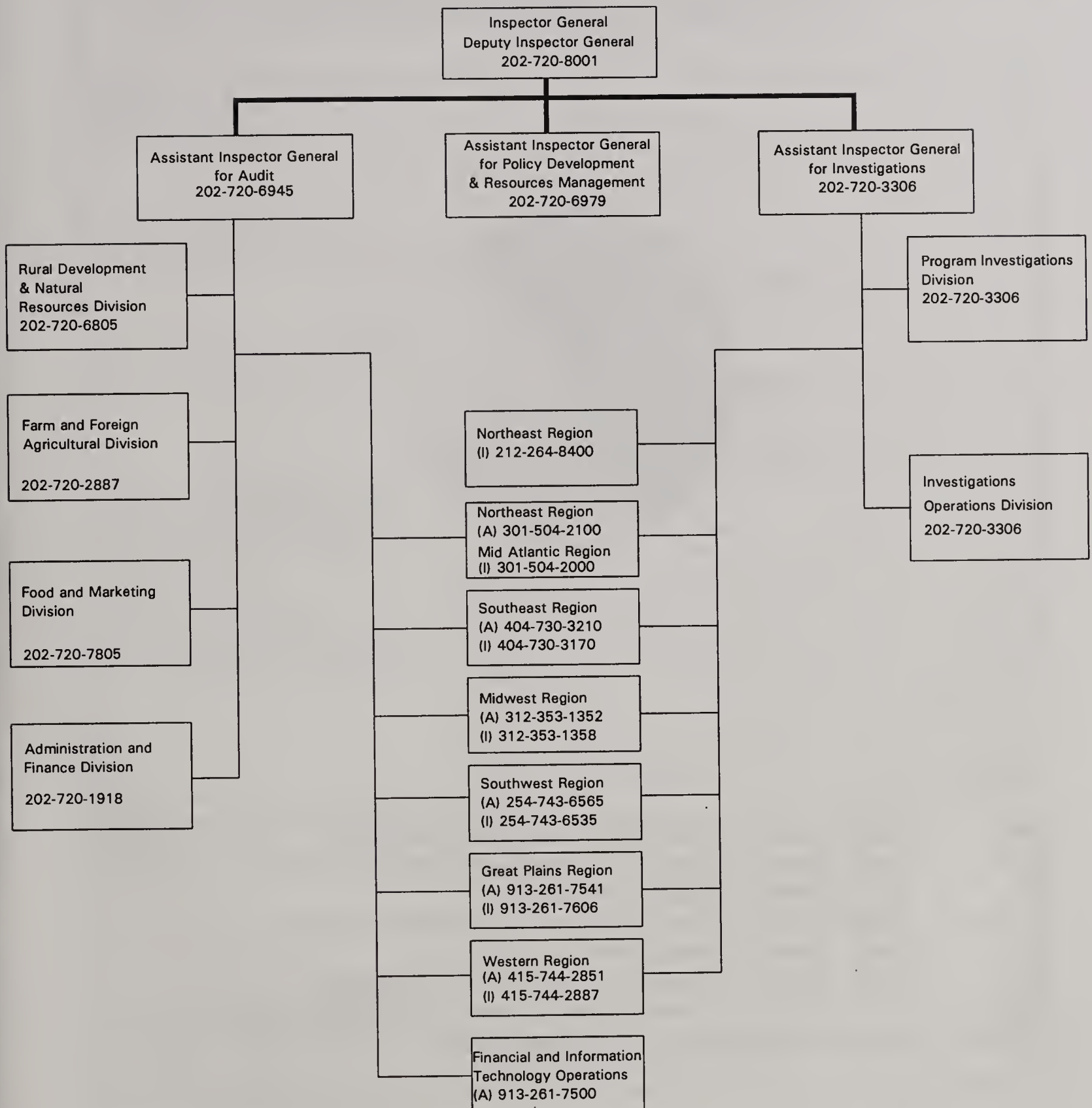
USDA ORGANIZATIONAL CHART



August 2001

OIG ORGANIZATIONAL CHART

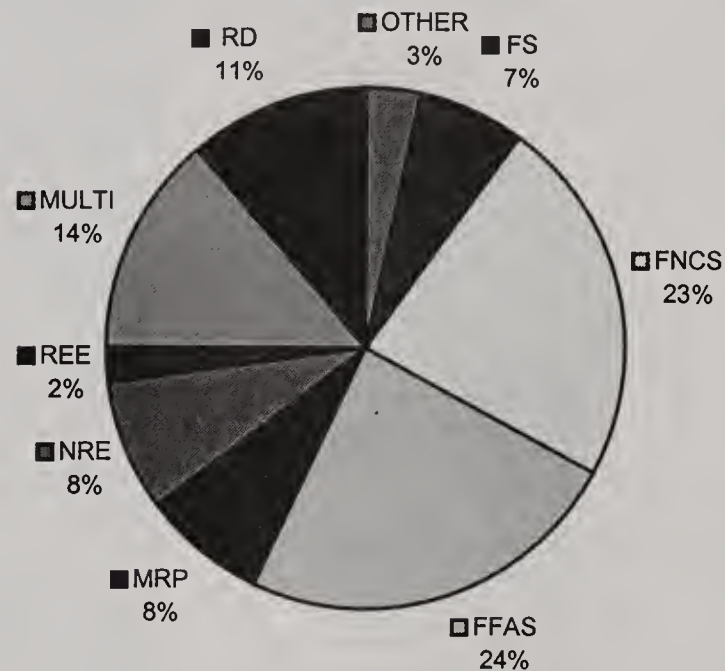
As of August 2001



OIG's mission is to conduct audits, investigations, and evaluations of USDA programs and operations to effect positive changes.

FY 2002 ANNUAL PLAN

DISTRIBUTION OF OIG RESOURCES BY UNDER AND ASSISTANT SECRETARIES



LEGEND

NRE	Under Secretary, Natural Resources and Environment
FFAS	Under Secretary, Farm and Foreign Agricultural Services
RD	Under Secretary, Rural Development
FNCS	Under Secretary, Food, Nutrition, and Consumer Services
FS	Under Secretary, Food Safety
REE	Under Secretary, Research, Education, and Economics
MRP	Under Secretary, Marketing and Regulatory Programs
OTHER	Includes Administration, OCIO, and OCFO

**DISTRIBUTION OF OFFICE OF INSPECTOR GENERAL RESOURCES
PERCENTAGE BY AGENCY
FY 2002 PLANNED**

NATURAL RESOURCES AND ENVIRONMENT	Forest Service	6.7
	Natural Resources Conservation Service	1.4
FARM AND FOREIGN AGRICULTURAL SERVICES	Farm Service Agency	16.6
	Foreign Agricultural Service	.5
	Risk Management Agency	6.8
RURAL DEVELOPMENT	Rural Utilities Service	1.3
	Rural Housing Service	6.2
	Rural Business-Cooperative Service	4.0
FOOD, NUTRITION, AND CONSUMER SERVICES	Food and Nutrition Service	22.9
FOOD SAFETY	Food Safety and Inspection Service	6.8
MARKETING AND REGULATORY PROGRAMS	Agricultural Marketing Service	1.4
	Animal and Plant Health Inspection Service	6.2
	Grain Inspection, Packers and Stockyards Administration	.2
RESEARCH, EDUCATION, AND ECONOMICS	Agricultural Research Service	.8
	Cooperative State Research, Education, and Extension Service	.8
	National Agricultural Statistics Service	.3
MULTIPLE AGENCY		13.9
OTHER	Administration; OCFO; OCIO	3.3

INVESTIGATIONS

Investigations are authorized inquiries to gather the facts needed to resolve an allegation that someone has violated a law or regulation pertaining to USDA programs or operations.

OIG Special Agents are criminal investigators who specialize in the investigation of crimes involving USDA programs. Each investigator receives initial training at the Federal Law Enforcement Training Center in Glynco, Georgia. Additional training in law enforcement procedures, investigative techniques, and USDA program regulations is provided throughout the career of the investigator.

INVESTIGATIVE PLANNING

The investigative planning process focuses on identifying program vulnerabilities and investigative priorities, which establishes the general guidelines for the allocation of our investigative resources. It includes an analysis of historical patterns, trends, and results; a review of recent legislative, regulatory, and program changes; consideration of U.S. Department of Justice prosecutive guidelines; consideration of budgetary and staffing restrictions; and coordination with audit activities. Through the investigative planning process, we have identified priorities that include the timely investigation of

- threats to the health and safety of the public, agriculture infrastructure and USDA employees, such as the sale of tainted food products, food product tampering, the introduction or dissemination of animal and plant diseases through intentional acts or inadvertently through the smuggling of prohibited plants, animals, and other products, as well as threats against and assaults of USDA employees;
- issues involving allegations of USDA employee bribery, conflict of interest, embezzlement, theft, or collusion with program participants; and
- other criminal activity in the loan, regulatory, and benefit programs.

In preparing our plan for FY 2002, we analyzed data on requests for investigations received in previous years, the number of cases opened, and the results of those investigations. We reviewed recent legislative, regulatory, and program changes, and contacted each agency within USDA for suggestions and recommendations. We also reviewed audit plans for FY 2002 and considered our budget and anticipated staffing. Based on these considerations, we developed general guidelines for emphasizing areas for investigation.

Our regional managers will review these guidelines during FY 2002 before they decide which referrals to take on as active cases. They will also consider the potential program impact, the likelihood of criminal prosecution, the likelihood of large civil monetary recovery, and the deterrent value.

The majority of the investigations are based on referrals from USDA agencies. Departmental Regulation 1700-2, "OIG Organization and Procedures," requires that USDA agencies expeditiously report known or suspected violations of law or regulations to OIG. Activities, which must be reported to OIG, include:

- alleged violations of Federal criminal statutes,
- allegations of criminal conduct or serious misconduct involving any USDA employee.

THE INVESTIGATIVE PROCESS

The investigative process usually begins with the receipt of an allegation of criminal activity from any source to include the OIG USDA Hotline, USDA agency officials, other government agencies, or the public. Investigations are opened in OIG regional offices in accordance with priorities and general guidelines established at the headquarters level.

After an investigation is opened, it is assigned to a Special Agent who plans the investigation. This planning process includes a review of the criminal and civil statutes, program regulations, and departmental or agency policies that may be involved. The Special Agent then conducts the investigation, which may require interviewing witnesses, reviewing and analyzing records, obtaining physical evidence, and conducting surveillance and undercover operations. If the Special Agent determines that a crime may have been committed, he or she will discuss the investigation with a Federal and/or local prosecutor to determine if prosecution will be pursued. Upon completion of the investigation, the Special Agent prepares an investigative report summarizing the facts disclosed during the investigation.

The investigative report is distributed to prosecuting attorneys and agency officials who may have an official interest in the results of the investigation. If the prosecuting attorney decides to proceed with a criminal or civil prosecution, the Special Agent assists the attorney in any preparation for court proceedings that may be required. This assistance may include serving subpoenas, locating witnesses, executing arrest and search warrants, and testifying before a grand jury and a trial.

At the conclusion of any court actions, we advise the administrative agency involved of the court results and monitor any corrective or disciplinary action that may be taken by the agency.

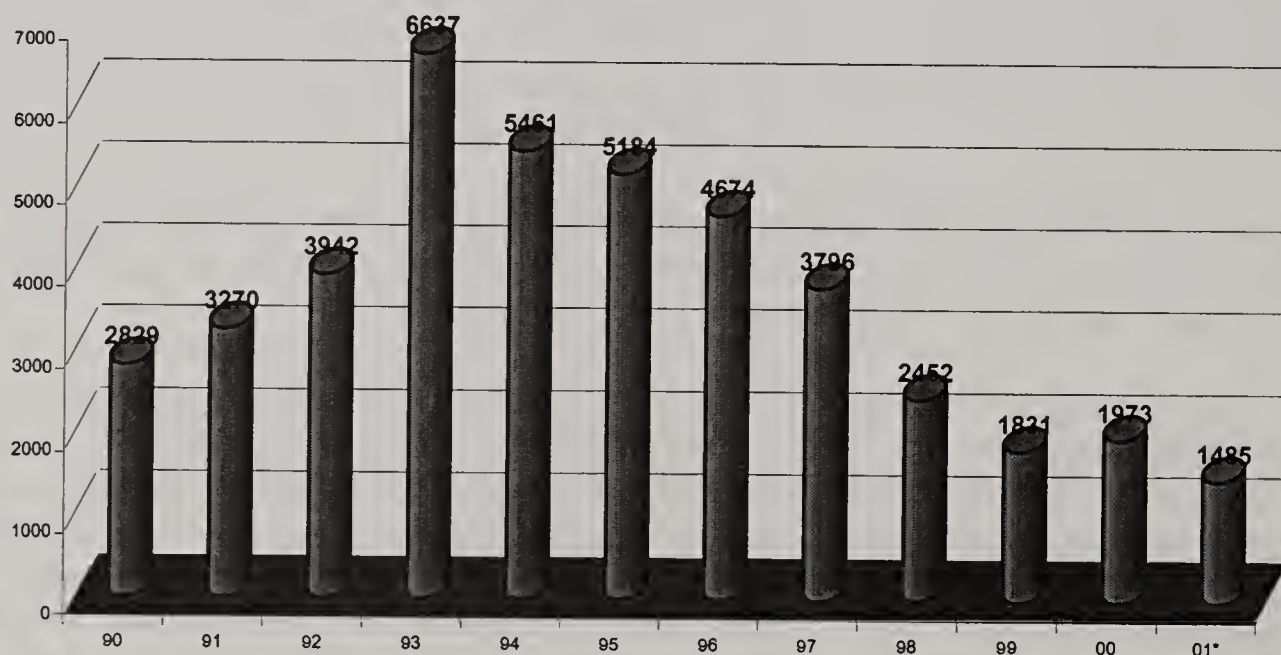
OIG collects data summarizing the court and administrative results of its investigations and includes this data in its semiannual report to the U.S. Congress.

HOTLINE

Established under the provisions of the Inspector General Act of 1978, OIG operates the USDA Hotline in accordance with procedures recommended by the PCIE. Allegations received through the Hotline may involve any agency, program, or employee of USDA. The OIG USDA Hotline staff review and analyze each complaint and refer them for inquiry and appropriate action. Complaints are referred to OIG Audit or Investigations, to the USDA agency responsible for the program, or to the responsible Federal, State, or local agency. For complaints requiring a response back to OIG, the Hotline staff must determine whether the USDA agency's response to the complaint is adequate and whether to recommend further investigative or audit work by OIG. Significant audit findings, investigative results or administrative program changes have been obtained based on information received through this critical function.

During FY 2000, the USDA Hotline received, reviewed, and processed 1,973 complaints from USDA employees and the general public. In the first 9 months of FY 2001, 1,485 complaints were received. The following graph depicts the Hotline activity over the last 12 years.

HOTLINE COMPLAINTS RECEIVED FY's 1990-2001 *



* FY 2001 - First 9 months.

The USDA Hotline has a toll-free telephone number for reporting fraud, mismanagement, or waste in a USDA program or misconduct by a USDA employee. Callers may choose to remain anonymous or may request that OIG keep their identity confidential. OIG will also pay a cash reward for information leading to convictions of persons defrauding USDA programs.

We have three Hotline numbers established for use by the public and departmental employees. These numbers can be called while complaint analysts are on duty 8:00 a.m. to 4:00 p.m., eastern time, Monday through Friday. Complainants may also write to the OIG Hotline at P.O. Box 23399, Washington, D.C. 20026. USDA Hotline contact information is provided to USDA employees and the public via formal training, posters, and business cards. In addition, this information can be found on the USDA and OIG home pages via the Internet (www.usda.gov/oig/hotline.htm).



800-424-9121

This is a toll-free number to be used outside Washington, D.C.



202-690-1622

This number is to be used in the Washington, D.C., metropolitan area.



202-690-1202

This number connects to a telecommunications device for the hearing impaired.
(NO TOLL FREE NUMBER, CALL COLLECT)

SPECIAL REPORTING OF BRIBES OR GRATUITIES

Many USDA employees serve as inspectors and graders of meat, poultry, dairy products, eggs, and produce or distribute USDA program services and benefits. These employees are occasionally subject to offers of bribes and gratuities to influence their official duties. Also, USDA employees' duties on occasion can lead to confrontations, which may lead to threats or violence against the USDA employee. USDA employees who receive bribe offers or threats may contact OIG via the direct line telephone number indicated below. Special Agents respond 24 hours a day. Complainants may also write to the Office of Inspector General at P.O. Box 23399, Washington, D.C. 20026.



202-720-7257

This number is to be used by USDA employees to report offers of bribes or gratuities



888-620-4185

24 hours a day.

BIOSECURITY

OIG Biological Security Program – OIG established Investigative Emergency Response Teams (IERT) that will respond immediately to any threat or outbreak directed against the American agriculture infrastructure. The IERTs, augmented as needed with additional OIG law enforcement personnel, will:

- If the outbreak is believed caused by criminal activity, coordinate with USDA veterinarian staff for the proper handling, packaging, and transport of samples to the appropriate laboratory for testing and forensic analysis
- Assist in the enforcement of quarantines
- Enforce the Secretary of Agriculture orders
- Protect USDA employees and facilities
- Coordinate security for the movement of quarantined animals

- Coordinate and work with other law enforcement and non-law enforcement agencies on the local, State, and Federal levels
- Conduct criminal investigations and provide other investigative assistance
- Coordinate criminal referrals, or as needed other issues, with local, State, and Federal prosecutors

OIG Emergency Contacts:

HEADQUARTERS

Duty Hours (8am – 4pm)
(202) 720-7257

24-Hour Duty Agent Pager
(888) 620-4185

REGIONAL OFFICE LOCATIONS

Northeast Region

New York, NY

Phone (212) 264-8400 (8am – 5:30pm)
Duty Pager (888) 437-9575 (24 hrs)
Fax (212) 264-8416

Areas Served: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont

Mid-Atlantic Region

Beltsville, MD

Phone (301) 504-2000 (7am - 5:30pm)
Duty Pager (888) 436-6158 (24 hrs)
Fax (301) 504-2025

Areas Served: Delaware, District of Columbia, Maryland, North Carolina, Pennsylvania, Virginia, and West Virginia

Southeast Region

Atlanta, GA

Phone (404) 730-3170 (24 hrs)
Fax (404) 730-3181

Areas Served: Alabama, Florida, Georgia, Puerto Rico, South Carolina, Tennessee, and U.S. Virgin Islands

Midwest Region

Chicago, IL

Phone (312) 353-1358 (7:30am - 5:30pm)
Duty Pager (888) 803-8174 (24 hrs)
Fax (312) 353-8963

Areas Served: Indiana, Kentucky, Michigan, Ohio, eastern district of Wisconsin, and the northern district of Illinois

Southwest Region
Temple, TX

Phone (254) 743-6535 (7:30am – 5:30pm)
Duty Pager (800) 752-3307 + 618-2305 (24 hrs)
Fax (254) 298-1358

Areas Served: Arizona, Arkansas, Louisiana, Mississippi, New Mexico, Nevada (Las Vegas, Clark County),
Oklahoma, and Texas

Great Plains Region
Mission, KS

Phone (913) 261-7606 (24 hrs)
Fax (913) 261-7699

Areas Served: Colorado, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota,
Wyoming, Utah, western district of Wisconsin, and southern district of Illinois

Western Region
San Francisco, CA

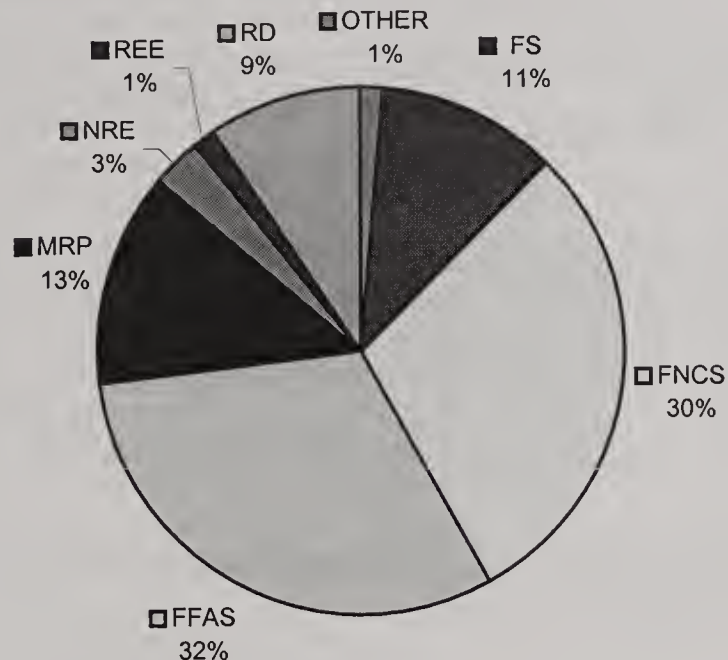
Phone (415) 744-2887 (24 hrs)
Fax (415) 744-2896

Areas Served: Alaska, California, Hawaii, Idaho, Nevada, Oregon, Territory of Guam, U.S. Trust Territories of
the Pacific, and Washington

[Updated as of 08-21-2001]

FY 2002 ANNUAL PLAN

DISTRIBUTION OF INVESTIGATIVE RESOURCES BY UNDER AND ASSISTANT SECRETARIES



LEGEND

NRE	Under Secretary, Natural Resources and Environment
FFAS	Under Secretary, Farm and Foreign Agricultural Services
RD	Under Secretary, Rural Development
FNCS	Under Secretary, Food, Nutrition, and Consumer Services
FS	Under Secretary, Food Safety
REE	Under Secretary, Research, Education, and Economics
MRP	Under Secretary, Marketing and Regulatory Programs
OTHER	Includes Administration, OCIO, and OCFO

**DISTRIBUTION OF INVESTIGATIVE RESOURCES
PERCENTAGE BY AGENCY
FY 2002 PLANNED**

NATURAL RESOURCES AND ENVIRONMENT	Forest Service	2.0
	Natural Resources Conservation Service	1.0
FARM AND FOREIGN AGRICULTURAL SERVICES	Farm Service Agency	21.0
	Foreign Agricultural Service	1.0
	Risk Management Agency	9.0
RURAL DEVELOPMENT	Rural Utilities Service	.5
	Rural Housing Service	6.5
	Rural Business-Cooperative Service	2.0
FOOD, NUTRITION, AND CONSUMER SERVICES	Food and Nutrition Service	30.0
FOOD SAFETY	Food Safety and Inspection Service	11.0
MARKETING AND REGULATORY PROGRAMS	Agricultural Marketing Service	2.5
	Animal and Plant Health Inspection Service	10.5
	Grain Inspection, Packers and Stockyards Administration	.5
RESEARCH, EDUCATION, AND ECONOMICS	Agricultural Research Service	1.0
	Cooperative State Research, Education, and Extension Service	.5
OTHER	Administration; OCFO; OCIO	1.0

AUDIT

Audit is the examination and verification of the economy and efficiency of an agency's operations, its effectiveness in achieving program results, its compliance with applicable laws and regulations, and its fairness in reporting its financial operations. We also routinely conduct evaluations. An evaluation is a review, study, or analysis of USDA's programs or activities for the purpose of providing information to managers for decision making; for making recommendations for improvements to programs, policies, or procedures; and for administrative action. In addition to audits performed by OIG staff, we contract with certified public accountants for some audits and oversee the quality of the work of auditors under contract to other agencies of the Department.

OIG auditors conduct their work in accordance with the "Government Auditing Standards: 1994 Revision" (Yellow Book), published by the U.S. General Accounting Office, and in accordance with the professional standards set by the American Institute of Certified Public Accountants. We have established and implemented a program to ensure that our staff maintains professional proficiency through continuing education and training. Training directly related to the Government auditing environment is provided to newly hired, intermediate, and advanced level OIG auditors through in-house audit academies.

"Government Auditing Standards" describes the types of audits that Government and non-Government organizations conduct and the audit standards to be followed. Government audits are classified as financial or performance audits.

FINANCIAL AUDITS

Financial statement audits provide reasonable assurance about whether the financial statements of an audited entity present fairly the financial position and results of operations in accordance with generally accepted accounting principles.

Financial related audits determine whether financial reports and related items, such as elements, accounts, or funds, are fairly presented; whether financial information is presented in accordance with established or stated criteria; whether the entity has adhered to specific financial compliance requirements; and whether the entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve the control objectives.

PERFORMANCE AUDITS

Economy and efficiency audits determine whether the entity is acquiring, protecting, and using its resources economically and efficiently; what the causes of any inefficiencies or uneconomical practices are; and whether the entity has complied with laws and regulations concerning matters of economy and efficiency.

Program audits determine whether the desired results or benefits established by the legislature or any other authorizing body are being achieved; whether the organizations, programs, activities, or functions are effective; and whether the entity has complied with laws and regulations applicable to the program.

AUDIT PLANNING

Each year, we begin the planning process by updating our profiles of USDA programs and activities and by requesting audit suggestions from the Under and Assistant Secretaries, agency heads, and OIG staff. In prioritizing the suggestions for inclusion in the FY 2002 Annual Plan, we considered

- current and potential dollar magnitude;
- audit requirements established by law;
- statutory and regulatory requirements;
- adequacy of internal control systems;
- newness, changed conditions, or sensitivity of the organization, program activity, or function;
- extent of Federal participation in terms of resources or regulatory authority;
- management needs to be met;
- prior audit history;
- prior investigation history; and
- timeliness, reliability, scope, and results of audits or evaluations performed by others.

THE AUDIT PROCESS

The phases of the audit process include the following

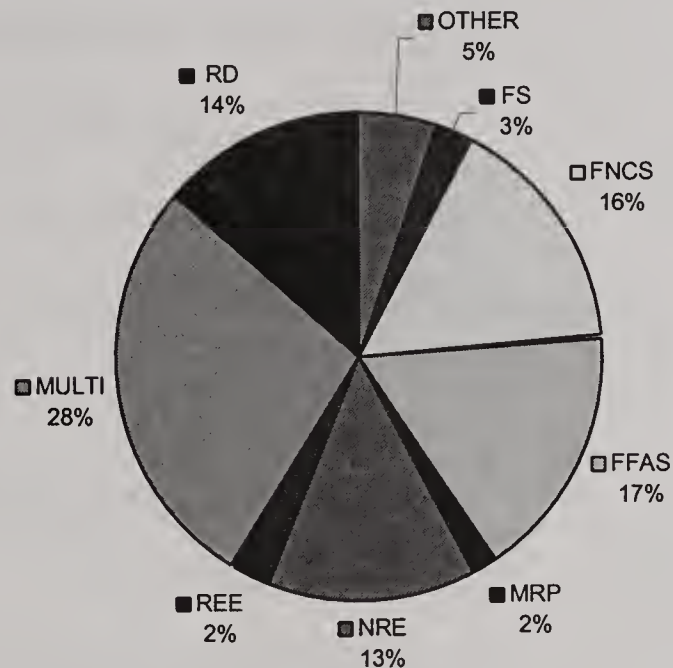
Audit Approach	Development of an audit approach includes determining the reasons for selecting the audit subject, overall audit objectives and scope, locations to be audited, OIG staff who will perform the audit, staff-days needed, other resources required (e.g., specialists with timber or banking expertise) to perform the audit, and benefits anticipated from the audit.
Audit Notification	Audit notification to the appropriate USDA agency or office informs auditees of our intent to begin an audit.
Entrance Conference	OIG staff hold entrance conferences with agency officials to discuss and obtain input on the purpose and objectives of the audit, its scope, and the general methodology and procedures to be followed.
Survey Work	Auditors perform survey work to gather information and identify problems.
Field Audit Work	Detailed audit testing and interviewing are undertaken if the survey indicates the need to learn more about conditions noted.
Management Alert	During the course of an audit, issues may arise which require the immediate attention of management. This interim report furnishes the vehicle to provide management the information needed to initiate immediate corrective action.
Discussion Draft Report and Exit Conference	At the conclusion of an audit, OIG holds a formal exit conference with the agency's principal officials to review the audit results presented in a discussion draft report. This gives management an opportunity to confirm information, to ask questions, and to provide any necessary clarifying data.
Official Draft Report	After the exit conference, OIG makes necessary changes to the draft report and presents it as an official draft report to the agency for final written comments. The agency is generally given 30 days to respond to the official draft report.
Final Report	OIG prepares and issues a final report which contains the agency's written response.

**Management
Decision and
Final Action**

A management decision (agreement to take action on an audit recommendation) must be reached on all report recommendations within 6 months of issuance of the report. OIG tracks management's actions through the achievement of management decision; the Office of the Chief Financial Officer tracks actions from the achievement of management decision to completion of final action. The status of management decisions is included in OIG's semiannual report to the U.S. Congress. The status of final actions, including those not completed within 1 year of the management decision, is reported in the semiannual Secretary's Management Report to the U.S. Congress.

FY 2002 ANNUAL PLAN

DISTRIBUTION OF AUDIT RESOURCES BY UNDER AND ASSISTANT SECRETARIES



LEGEND

NRE	Under Secretary, Natural Resources and Environment
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FS	Under Secretary, Food Safety
REE	Under Secretary, Research, Education, and Economics
MRP	Under Secretary, Marketing and Regulatory Programs
OTHER	Includes Administration, OCIO, and OCFO

**DISTRIBUTION OF AUDIT RESOURCES
PERCENTAGE BY AGENCY
FY 2002 PLANNED**

NATURAL RESOURCES AND ENVIRONMENT	Forest Service	11.4
	Natural Resources Conservation Service	1.9
FARM AND FOREIGN AGRICULTURAL SERVICES	Farm Service Agency	12.2
	Foreign Agricultural Service	*
	Risk Management Agency	4.7
RURAL DEVELOPMENT	Rural Utilities Service	2.1
	Rural Housing Service	6.0
	Rural Business-Cooperative Service	5.5
FOOD, NUTRITION, AND CONSUMER SERVICES	Food and Nutrition Service	15.9
FOOD SAFETY	Food Safety and Inspection Service	2.6
MARKETING AND REGULATORY PROGRAMS	Agricultural Marketing Service	.3
	Animal and Plant Health Inspection Service	1.9
	Grain Inspection, Packers and Stockyards Administration	*
RESEARCH, EDUCATION, AND ECONOMICS	Agricultural Research Service	.5
	Cooperative State Research, Education, and Extension Service	1.2
	National Agricultural Statistics Service	.7
MULTIPLE AGENCY		27.9
OTHER	Administration*; OCFO; OCIO	5.2
*No Audit time planned for this agency		

OIG STRATEGIES

The FY 2002 Strategies are:

- ★ FARM PROGRAMS
- ★ MARKET DEVELOPMENT
- ★ CIVIL RIGHTS
- ★ NATURAL RESOURCES CONSERVATION SERVICE
- ★ ENTITLEMENT PROGRAMS
- ★ FOREST SERVICE
- ★ RESEARCH AND TECHNOLOGY TRANSFER
- ★ INTEGRITY OF USDA PERSONNEL
- ★ BIOSECURITY
- ★ CONSUMER PROTECTION
- ★ RISK MANAGEMENT
- ★ GOVERNMENT PERFORMANCE AND RESULTS ACT
- ★ ACCOUNTING AND FINANCIAL MANAGEMENT
- ★ INFORMATION TECHNOLOGY/SECURITY
- ★ RURAL DEVELOPMENT
- ★ MANAGEMENT/CONTROL OF ENVIRONMENTAL HAZARDS
- ★ PROGRAM COMPLIANCE, ECONOMY, AND EFFICIENCY

Descriptions of the strategies, with examples of audit and investigative work recently performed and planned for FY 2002, are presented on the following pages.

FARM PROGRAMS

The Farm Programs strategy encompasses a variety of farm commodity, farm credit, and conservation programs administered by the Farm Service Agency (FSA). The programs are funded primarily through the Commodity Credit Corporation (CCC), a Government entity for which FSA provides operating personnel. The principal activities of FSA included in this strategy are the administration and management of agricultural commodity, farm loan, conservation, environmental, emergency assistance, and domestic and international food assistance programs. Outlays budgeted for these activities, which peaked at a record high of \$32.2 billion for FY 2000, decline under current law to a FY 2002 total of \$13.6 billion, largely due to the fact that no emergency supplemental assistance has been authorized for FY 2002. (Outlays for emergency spending totaled over \$5 billion in 1999, about \$14 billion in 2000, and approximately \$10.5 billion in 2001 for crop and livestock losses due to both disaster and sharp declines in market prices.)

AUDIT

Our strategy is designed to ensure overall farm program integrity, efficiency, and effectiveness. Emphasis on farm programs is needed because of the magnitude of funding; prior audit results and known internal control problems; implementation of new farm programs; enactment of a new (2002) farm bill; continued emergency spending; the pending administrative convergence of the FSA, Natural Resources Conservation Service, and Rural Development mission area staffs; reductions in FSA staff; the decentralized delivery system; and the critical nature of the programs to the agency's mission.

Our FY 2001 audits of the Crop Disaster Program disclosed continued problems with (and reemphasized the need for improvements in) information exchanged between FSA and the Risk Management Agency (RMA). Specifically, the agencies need to implement procedures to share crosscutting information about agency-identified program errors and irregularities. Our disaster work also disclosed that producers who did not comply with disaster program crop insurance linkage requirements were not properly assessed liquidated damages by FSA. An audit of payment limitations for (majority) stockholders who owned more than 50 percent of their corporations revealed, nationwide, there was no assurance that payments to about 36 percent of the stockholders and their corporations were limited to statutory maximums for 1998 and 1999. In addition, our audit of FSA program administration in one county office revealed that county office employees and/or producers violated or took deliberate action to circumvent farm program provisions. The identified irregularities and abuse were so pervasive

that we concluded the county office was mismanaged and State office oversight was inadequate. Additional farm program initiatives begun in FY 2001 continue into FY 2002.

Among the major reviews planned for FSA in FY 2002 are audits of the 2000 quality loss programs, emergency disaster loan program, and payment limitations. Planned payment limitation work includes an assessment of FSA's internal end-of-year payment limitation reviews. Additionally, OIG plans to monitor the formulation and implementation of the new (2002) farm bill and conduct early reviews of effected farm programs.

INVESTIGATIONS

The major emphasis of our Farm Programs investigative strategy has been to investigate allegations of fraud. Historically, our major concerns in FSA programs have been the unauthorized disposition of property mortgaged to the Government, fraud by warehouse operators, false statements by commodities producers and exporters, and false statements by borrowers in order to obtain more or greater dollar value loans or debt write-downs than those to which they are actually entitled.

Our decision to initiate an investigation is based on several factors, including the likelihood of criminal prosecution or large civil monetary recovery, determined primarily in consultation with the appropriate U.S. Attorney's office. Another factor, which influences the decision to open a case for investigation is the deterrent value of the Government bringing court actions against a producer. Those matters not investigated by OIG are referred back to FSA for appropriate administrative action. The agency also has the option of resubmitting a request for an investigation based on additional or updated information.

Our regional offices have always maintained a close working relationship with FSA State offices to ensure timely referral of investigative matters and to develop an understanding of FSA's priorities, resources, and needs. Headquarters informs the regional offices of significant program changes, develops national guidelines for referral of investigative matters, and alerts top agency managers to any program provisions that allow a potential for abuse.

Approximately 21 percent of our investigative resources will be spent on FSA programs in FY 2002.

MARKET DEVELOPMENT

This strategy covers the Department's broad mission of selling agricultural commodities. Legislative goals require that there be full agricultural production at competitive prices, full assurance of quality, reliability of supply, profitable returns to the producer, and an orderly marketing process. The market development strategy involves both domestic and foreign programs.

The President, Secretary of Agriculture, and Congress have repeatedly emphasized the need for developing additional domestic and foreign markets for agricultural commodities. Prior work by OIG and the U.S. General Accounting Office have identified management weaknesses in the export credit guarantee programs, the market development programs, the export subsidy programs, and the foreign food aid assistance programs. Weaknesses have also been reported regarding monitoring and enforcing international trade agreement provisions.

To implement the USDA Long-Term Agricultural Trade Strategy, USDA has designed program delivery that involves providing subsidies, credit guarantees, and long-term loans; publishing magazines and reports; advertising; engaging in trade negotiations; setting quality standards; regulating markets; entering into grants and cooperative agreements; and participating in trade fairs and international conferences. Agricultural trade offices are making potential foreign customers aware of our farm products. To carry out the diverse programs, USDA works with State and foreign governments, producer groups, nonprofit commodity groups, agricultural processors, exporters, land-grant colleges, county extension agents, and individual producers. Export promotion includes business counseling, training, market research information, trade missions and fairs, and export finance and assistance. Due to high domestic inventory levels of farm commodities resulting in depressed commodity prices, there has been a renewed effort to develop export markets.

AUDIT

Our audit strategy is to evaluate the trade agreement activities and oversight of private voluntary organizations within the Foreign Agricultural Service (FAS) to determine whether programs and activities are being properly implemented and helping the Department achieve its goal of increased exports.

During FY 2002 we plan to review the FAS current procedures for monitoring trade agreement compliance by foreign country trade policies. This survey will focus on activities of FAS multilateral trade policy affairs division and bilateral divisions. We plan to review monitoring

efforts for the World Trade Organization and the North American Free Trade Agreement. Additionally we plan to review FAS' controls over private voluntary organizations uses and accountability for commodities and funds used in the commodity distribution programs.

INVESTIGATIONS

We will continue to work closely with OIG-Audit and FAS to ensure allegations involving FAS programs are reviewed in a timely manner. We anticipate that available staff workdays devoted to FAS cases will be approximately 1 percent.

CIVIL RIGHTS

The Civil Rights Act of 1964, Title VI, states: "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

Since the passage of Title VI, several other statutes have been enacted to expand the prohibition against discrimination. Title IX of the Higher Education Amendments Act of 1972 prohibits gender-based discriminatory practices. Section 504 of the Rehabilitation Act of 1972 prohibits discrimination against persons with disabilities. The Age Discrimination Act of 1975 prohibits discrimination based upon age. Also, Title VII of the Civil Rights Act of 1964 prohibits discrimination in employment based on race, color, religion, sex, or national origin.

The Department's civil rights functions have undergone major restructuring. Secretary's Memorandum 1010-4, dated May 16, 1997, gave the Assistant Secretary for Administration the full authority for the performance and oversight of all civil rights functions within the Department. The Assistant Secretary for Administration has the authority to delegate civil rights functions to agency heads, as appropriate, and to rate the agency heads on their performance of civil rights functions. The memorandum also established the Office of Civil Rights and mandated that it be headed by a Director who reports to the Assistant Secretary for Administration.

The Director of Civil Rights has full responsibility for investigation, adjudication, and resolution of complaints of discrimination arising out of USDA employment activities or in the context of federally-assisted or federally-conducted programs, including complaints made by USDA employees, applicants for employment, and USDA program participants and customers.

AUDIT

We continue to meet with Office of Civil Rights and program officials to resolve the outstanding recommendations from OIG reports issued between September 1998 and March 2000. These reports reviewed the Office of Civil Rights' efforts to reduce the backlog of program complaints, implement settlements, implement prior recommendations, and manage employment complaints.

NATURAL RESOURCES CONSERVATION SERVICE

The Natural Resources Conservation Service's (NRCS) mission is to provide national leadership in a partnership effort to help people conserve, improve, and sustain the Nation's natural resources and environment. NRCS provides technical assistance on request through local conservation districts to land users, watershed groups, and Federal and State agencies. The agency's work focuses on erosion reduction, wetland restoration and protection, water quality improvement, fish and wildlife habitat improvement, and other conservation and natural resources practices. The FAIR Act authorized more than \$2.2 billion in additional funding for conservation programs addressing high-priority environmental goals. The FAIR Act also mandated reforms to the existing Environmental Conservation Acreage Reserve Program which encompasses the Conservation Reserve Program, the Environmental Quality Incentives Program (EQIP), and the Wetland Reserve Program (WRP). EQIP combines functions of the Agricultural Conservation Program, Water Quality Incentive Projects Program, Great Plains Conservation Program, and Colorado River Basin Salinity Control Program. These programs and initiatives are intended to improve the natural resources of the Nation's private lands, and are administered under NRCS in partnership with FSA.

AUDIT

Our audit strategy is to evaluate NRCS' administration of and management controls over its conservation programs. Our prior audits of NRCS' responsibilities (e.g., producer compliance with the conservation provisions and the reduction in soil loss through conservation compliance) disclosed weaknesses in the agency's management controls. During FY 2001, OIG audits of NRCS' responsibilities for Highly Erodible Land and Conservation Reserve Enhancement Program showed program controls should be strengthened. Continued emphasis on the conservation provisions is needed because of the significance of prior audit findings and the FAIR Act's goal to address high-priority environmental concerns.

Major reviews of NRCS activity planned for FY 2002 include an audit of NRCS' actions to evaluate whether the status review process produces an accurate and reliable assessment of producer compliance with the conservation provisions.

INVESTIGATIONS

We will continue to work closely with NRCS and OIG Audit to ensure that necessary investigative services are provided. We estimate that about 1 percent of our investigative resources will be dedicated to NRCS matters.

ENTITLEMENT PROGRAMS

The Food and Nutrition Service (FNS) administers the Department's food assistance programs, which include the Food Stamp Program (FSP); the Child Nutrition Programs (CNP); and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). These three major entitlement programs will account for approximately \$37 billion in estimated expenditures in FY 2002. The States, through agreements with FNS, administer these programs with a few minor exceptions. The States, in turn, enter into agreements with county and project offices to deliver program benefits.

AUDIT

Our audit strategy is to focus on both FNS' overall administration of the programs, especially the FSP, and the adequacy of controls and systems FNS has in place to manage the programs.

During FY 2001, our audits of FNS focused on the FSP since it is the largest of the entitlement programs and on the Child and Adult Care Food Program (CACFP) because of the national initiative. We continued our auditing of the Electronic Benefits Transfer (EBT) systems by reviewing the implementation of EBT in one State and the District of Columbia. We were able to work "up front" on computer systems with FNS and the States as they were implementing EBT. We also conducted a review of FNS' appeals process. Individuals who are accused of violating the rules of an FNS program and have an adverse action taken against them may appeal that action. Most appeals occur in FSP, where retailers who are licensed to accept food stamp benefits are subject to fines and/or removal from the program if FNS has found them to be out of compliance with program requirements (accepting food stamp benefits for nonfood items, etc.). We reviewed 125 of the 1,024 appeals that were accepted for a review over a recent 13-month period. We concluded that the system did not always function in a manner that resulted in consistent application of policy.

In an effort to ensure that States are taking the necessary action to reduce their food stamp payment error rate (PER), we evaluated Florida's corrective action plan (CAP) for reducing its PER and its management of food stamp claim activities. In FY 1999, the State's PER was 9.43 percent equating to \$76 million of improperly issued food stamps benefits. Our review disclosed that the State agency's CAP (1) did not contain mandatory elements and components, and the plans as implemented had no long-term effect on lowering the PER; (2) initiatives were generally to "continue" the same actions that were rolled over from year to year with the expected completion dates listed as "ongoing;" and (3) did not address specific actions directed

at cases with high error prone characteristics, and did not target for intensified certification elements with high error prone ratings. Additionally, the State had not taken actions to improve its claim management activities. In January 1994, we reported that the State did not (1) timely process claim referrals resulting in a 7-year backlog, and (2) require recoupment of some established claims from households. These conditions had not been corrected.

We continued with our reviews of sponsors administering CACFP as part of our Presidential initiative called "Operation Kiddie Care." In FY 2001, we followed up on a previous audit of one sponsor as a result of control weaknesses and the number and seriousness of conditions noted during that review. Our primary objective was to reconcile the receipt of Federal funds from FNS, through the State agency, through the sponsor, and to the providers and centers. While we could reconcile the deposits of Federal funds into the sponsor's accounts, we could not rely on its accounting system and controls to provide assurance that the funds were properly disbursed to eligible providers and centers.

Since FNS programs have large cash outlays, the potential exists for fraud and large dollar losses. In FY 2002, we will continue to emphasize audits of FNS programs, particularly FSP, to ensure that critical internal control checks are in place to guarantee efficiency, effectiveness, and economy. With EBT expansion planned over the remainder of the decade, we will be working closely with FNS to ensure that EBT systems have sufficient controls to provide accurate amounts of benefits to recipients, that retailers are reimbursed correctly, and that the EBT database is used to identify problem retailers and participants. We will also continue to audit FSP administrative costs.

INVESTIGATIONS

We expect to focus a considerable amount of our investigative efforts on stores with high redemptions or stores involved in conspiracies to purchase food stamps or EBT food benefits at less than face value for redemption at full value to USDA (trafficking). As an increasing number of States distribute benefits through EBT, we expect a growing proportion of our food stamp investigations to make use of the tools provided by EBT to detect trafficking and to compile evidence against traffickers. At the same time, we expect to reduce time spent on food stamp trafficking investigations involving unauthorized individuals or entities. Also, we will continue our investigative initiative that was started in FY 1998 to enforce provisions added to the Food Stamp Act by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. This initiative, known as Operation Talon, includes computer matches of fugitive felons against the rolls of the FSP and, in conjunction with cooperating State and local authorities, the arrests of the fugitives.

We also anticipate continuing our investigations of fraud in the WIC, CACFP, and the National School Lunch programs.

During FY 2000, we expended about 43 percent of our investigative resources on FNS programs, primarily in FSP, and in the first 9 months of FY 2001, about 37 percent. In FY 2002, we plan to use approximately 30 percent of staff workdays on FNS programs.

FOREST SERVICE

The Forest Service (FS) has the responsibility for providing leadership in the management, protection and use of the Nation's forests and rangelands. Through the National Forest System, the agency is responsible for managing more than 192 million acres of public land. These lands are distributed among 46 States, commonwealths, and territories. The agency administers these lands through 9 regional offices, 115 forest offices, and 588 ranger district offices. FS also cooperates with State and local government and private landowners in the management of forest resources, and provides leadership in forest and rangeland research. The FY 2002 budget for FS is projected at \$3.85 billion while receipts generated through timber sales and other activities on the public lands are estimated at about \$864 million. In FY 2001 Congress initiated aggressive funding practices to implement the national fire plan. Funding is expected to increase further in FY 2002, with the long-term goal of reducing the threat of catastrophic fire on public and private lands.

AUDIT

During FY 2001, OIG continued to focus audit resources on helping FS improve financial management within the agency, with the overall goal of enabling the agency to produce auditable financial statements. We also continued to audit the agency's land adjustment program in the Pacific Southwest and Northwest Regions. We completed financial assistance audits for the agency's challenge cost share program and its agreements with the National Fish and Wildlife Foundation. We also completed a review of the agencies "enterprise program" and made recommendations for improvements prior to the program being expanded beyond the Pacific Southwest Region. Finally, we initiated survey work to evaluate the FS 10-year plan for implementation of the national fire plan.

For FY 2002 we will continue our audit of FS' financial operations. We will complete our nationwide review of the agency's Land Adjustment Program and build on our recently completed audit work in this area. We will audit the FS implementation of the national fire plan emphasizing accountability over expenditures and program accomplishments. During this fiscal year we will also initiate audit work in the areas of urban and community forestry, the agency's use of categorical exclusions in the environmental assessment process and the special use permit process for commercial films. We will evaluate the effectiveness of the FS program to protect land ownership title.

INVESTIGATIONS

Our FS investigations have typically focused on embezzlement and theft of Government funds and property, as well as cases involving the FS' contracting for goods and services. We estimate that about 2 percent of our investigative resources will be committed to FS cases.

RESEARCH AND TECHNOLOGY TRANSFER

USDA is the lead agency for the Federal investment in agricultural research and development and for programs that introduce new and improved technologies to the production, processing, and marketing of agricultural and forestry products.

The principal agencies of the Department's research and technology transfer effort are:

- the **Agricultural Research Service (ARS)**, which supports direct Federal research and provides information (including the National Agricultural Library) on new and improved technologies on problems of national impact in production, processing, and marketing of agricultural and forestry products;
- the **Cooperative State Research, Education, and Extension Service (CSREES)**, which administers the Federal partnership with the State Land Grant system and other public and private institutions for science capacity building, basic and applied research, and the dissemination of information and technology;
- the **Economic Research Service**, which provides economic and social science information and analysis to public and private decision makers for improving agricultural profitability and the rural economy;
- the **National Agricultural Statistical Service**, which is USDA's source for the collection and publication of the Nation's agricultural production statistics; and
- the **Forest Service Research appropriation**, which is designed to improve resource conservation, productivity, and protection of 1.6 billion acres of private- and publicly-owned forests and rangelands through direct research and the sharing of scientific information with other Government agencies, colleges and universities, businesses, and private landowners.

AUDIT

For this strategy, the audit objectives are (1) determine if the policies and processes of USDA research-funding decisions comply with the standards and expectations of individual program authorities and the National Agricultural Research, Teaching, and Extension Policy Act, as amended; (2) ensure that the delivery systems for these funds are productive, economical, and

reaching the best science and education resources available; and, (3) assess whether current and appropriate technology is disseminated effectively to the farming and forestry communities.

We are currently completing an audit in which we determined that substantial grant funds were misappropriated by a grantee official. We are also working on a survey where the principal objective is to assess the effectiveness of controls in the generation, handling, and disposal of hazardous biological materials within USDA. Another ongoing survey is to determine whether the regulatory authorities and control procedures over the release of genetically engineered organisms (GEO) are adequate and effectively applied to protect agricultural production, forest flora, and public health; and develop an inventory of GEO research projects, test sites, and facilities.

We anticipate completing the above work in FY 2002 and initiating several additional surveys of ARS and CSREES activities.

INVESTIGATIONS

Investigations will be conducted as deemed necessary, in close coordination with the respective USDA agencies and OIG-Audit.

INTEGRITY OF USDA PERSONNEL

The integrity of USDA personnel is essential to maintain the public's confidence that tax dollars and resources are adequately protected. A myriad of laws, Executive orders, and regulations prescribe what is expected of public servants before, during, and after Government employment. During employment, public servants are held to high ethical standards, including prohibitions against acceptance of gifts and gratuities, private compensation, and the appearance of a conflict of interest. Certain prohibitions also apply after an employee leaves the Government. For example, the Federal Procurement Policy Act (41 U.S.C. § 23) imposes a 1-year restriction prohibiting individuals from representing a contractor in the negotiation or performance of a contract if that individual was personally and substantially involved in either the negotiation or review and approval of that same contract as a Government representative.

INVESTIGATIONS

The prompt investigation of allegations of criminal activities involving the integrity of USDA employees continues to be a high priority of OIG. Employee misconduct most often involves allegations of embezzlement, bribery, and conflict of interest. We have made a significant commitment to ensure that allegations of employee criminal misconduct are investigated timely, in order that corrupt public servants may be brought to justice and the agencies involved may proceed expeditiously with appropriate administrative action.

We intend to continue our commitment to employee integrity investigations by spending about 8 percent of investigative time in this area.

BIOSECURITY

OIG plays an important role in protecting this country's agriculture infrastructure from possible harm due to the accidental or intentional introduction of foreign pests and diseases. Foreign plant and animal pests and diseases can be financially devastating to farmers, expensive for Federal and State governments seeking to eradicate them, and dangerous, sometimes fatal, to people, animals, and crops. The Department, primarily through the Animal and Plant Health Inspection Service (APHIS) and the Food Safety and Inspection Service (FSIS), administers programs ensuring that plants, animals, fruits, vegetables, and meat products entering this country are safe and free from disease. OIG-Investigations becomes involved in these issues when criminal activity occurs, while the OIG-Audit probes for weaknesses in the programs' administration. For example, the number of investigations OIG has conducted into organized smuggling-for-profit of animal and plant products is increasing. This is a serious issue since it can be a means of unintentional introduction of pests and diseases into the U.S. through the illegally smuggled items.

AUDIT

Our audit strategy for Biosecurity is focused primarily on insuring controls are in place to protect the animal and plant resources of the Nation from diseases and pests (both accidental or intentional introduction) and to preserve the marketability of U.S. agricultural products within this country and abroad. APHIS and FSIS have this primary responsibility. APHIS and ARS are also responsible for ensuring research facilities are not vulnerable to attacks of terrorism or vandalism.

In FY 2001 we assessed APHIS and FSIS activities to prevent the entry of Foot and Mouth Disease (FMD) into the country. During the outbreaks of FMD in Europe and South America in 2001, APHIS and FSIS assured the Secretary and the public that their controls at ports of entry were sufficiently stringent to protect U.S. commerce from the entry and spread of this disease. However, based on our limited review we determined the Department needed more stringent controls to ensure that meat products entering the United States were free of FMD. Communications between FSIS and APHIS were weak, particularly during the critical, initial stages of this emergency situation. APHIS also needed to improve its accountability over imported products from their arrival at U.S. ports of entry through their disposition by the respective agencies. The manual recordkeeping system employed by APHIS could not reliably track the status of shipments on hold at the ports, and there was no central automated system to allow agency-wide access to information on such shipments. APHIS and FSIS have made or are making improvements that will strengthen internal controls over FMD inspection activities. In

FY 2002 we are continuing our review of APHIS' policies to prevent the entry of prohibited pests and diseases into the United States.

In FY 2001, we also began a review of controls over accidental or intentional release of biohazards. The review is focused on assessing USDA's compliance with laws and regulations over the generation, handling, and disposal of hazardous biological materials. We also will observe the opportunities that exist for access and unauthorized removal of pathogens and pests from research facilities. In FY 2001, we visited laboratories operated or funded by both ARS and APHIS. With ever increasing potential for research to be destroyed or adversely affected by terrorism or vandalism, inadequate laboratory security appears to be the most pressing problem facing both USDA laboratories and laboratories doing research for the Department on university campuses. USDA-funded research conducted at colleges and universities may be at highest risk of attack by bioterrorists or vandals. If attacks do occur, the cost of replicating the lost research and repairing the facilities could potentially be very high. Our review in this area is continuing into FY 2002.

INVESTIGATIONS

OIG-Investigations has established a Biological Security Program for responding to intentional or catastrophic biological security threats to U.S. agriculture. It was established to address OIG's increasing investigative workload involving the threat to introduce and the introduction of specific diseases or chemically contaminated agricultural products. A part of this program is OIG Regional Investigative Emergency Response Teams (IERT), which will respond to immediate threats and attacks directed against the U.S. agriculture infrastructure. Due to OIG's knowledge of USDA programs, these teams will coordinate efforts with other local, State, and Federal law enforcement agencies in the event of a terrorist or catastrophic incident.

CONSUMER PROTECTION

Consumer protection activities within the Department include those activities designed to ensure that the food the consumer eats is safe and properly labeled and graded, and the Nation's plant and animal resources are safeguarded. These activities are performed by the Food Safety and Inspection Service (FSIS); Agricultural Marketing Service (AMS); Animal and Plant Health Inspection Service (APHIS); and the Grain Inspection, Packers and Stockyards Administration (GIPSA). The activities include inspecting all domestic establishments that prepare meat and poultry products for sale or distribution; reviewing foreign inspection systems and establishments; inspecting and quarantining animals and plants at U.S. ports-of-entry; controlling agricultural losses caused by predatory animals; developing standards for licensing and testing veterinary biologics; establishing grading standards for eggs, tobacco, livestock, dairy products, poultry, fruits, vegetables, and grain; and performing weighing and inspection services to ensure the standards are met. The public depends on these agencies to ensure a safe food supply; farmers depend upon these agencies to protect agricultural resources and maintain consumer confidence in the market for their products.

AUDIT

Food safety and quality issues have received considerable attention over the last few years. In addition, increased foreign trade has become a key economic objective. Our strategy is to assess management control systems which ensure that the Department is effectively protecting both the consumer and the agricultural resources of the Nation. Our strategy focuses on the intensified activities in food safety to identify and implement new meat, poultry, and egg inspection technologies.

During FY 2001 we were engaged in two separate audits of APHIS and FSIS which were interrupted to review and present APHIS and FSIS with our assessment of the Department's controls to ensure that the Nation was adequately protected against the increased threat of a foot and mouth disease outbreak from abroad. With regard to APHIS, our audits also included the preclearance inspection operations and the inspecting and quarantining of animals prior to entry into the United States, the agency's safeguards to prevent the entry of prohibited pests and diseases into the country, and continued review of the Wildlife Service's controls over hazardous material.

Our FY 2001 our efforts included review of FSIS' imported meat and poultry reinspection processes and the initial equivalency process.

For FY 2002, we plan to assess APHIS citrus canker monitoring and eradication efforts in Florida. We also plan to review APHIS' controls over the Animal Care Program. In FSIS we will continue our efforts in assessing the steps that FSIS is taking to reorganize and overhaul the meat and poultry food safety inspection system; as part of that effort we plan to review FSIS' food safety automated information systems. Under our ongoing Food Safety efforts we will continue to monitor the implementation of the Hazard Analysis and Critical Control Points (HACCP) regulation along with evaluating very small meat and poultry establishments' compliance with HACCP requirements. In the Food Safety area we will also evaluate residue controls and FSIS recall operations. In addition, we will conduct work to review the Egg Processing Inspection activity to include AMS' regulatory responsibilities within this area.

INVESTIGATIONS

Investigations into threats to or attacks on the health and safety of the agricultural sector and consumers remain our highest priority. When such threats are identified, we immediately begin an investigation. We coordinate our efforts with the responsible regulatory agency to ensure corrective action is taken to protect the public.

Food and Consumer Products

We continue to be concerned both about health and safety cases (i.e., those involving potential sale or movement in interstate commerce of uninspected or adulterated products, and those involving tampering with food products) and about economic impact cases.

Animal and Plant Health Protection

We intend to expand our proactive investigations of smuggling and other criminal violations of law that could endanger the health and welfare of our citizens as well as our Nation's agricultural economy. We also intend to continue to expand our intelligence base to detect threats to animal and plant health, and to interdict potentially diseased and/or pest-ridden smuggled animal and plant products before they can cause disease or pest outbreaks.

We estimate that our commitment of investigative resources to AMS, FSIS, APHIS, and GIPSA will be about 25 percent in FY 2002.

RISK MANAGEMENT

The risk management strategy encompasses a variety of Federal Crop Insurance Corporation (FCIC) programs administered by the Risk Management Agency (RMA). FCIC receives funds from four main sources: capital stock subscriptions from the U.S. Treasury, premium income from producers purchasing insurance policies, administrative fees paid by producers purchasing catastrophic risk protection insurance, and appropriations for Federal premium subsidies and operating expenses. The principal activities of RMA/FCIC included in this strategy are the administration and management of the various crop insurance programs established by Congress. These programs make crop insurance available to producers through private companies that RMA "reinsures." RMA's programs are estimated at \$3.1 billion in premiums (\$1.9 billion of which is in the form of premium subsidy) with producer paid premiums of about \$1.2 billion (\$1 billion less underwriting gains), \$3.3 billion in indemnities, \$678 million in delivery expenses, \$58 million in Agricultural Risk Protection Act (ARPA) initiatives, \$408 million in Treasury transfer for excess losses, and \$75 million in administrative and operating expenses for FY 2002. The estimated insurance in force for the 2002 crop year is \$36.8 billion covering 1.4 million insurance policies.

AUDIT

Our strategy is designed to ensure overall program integrity, prevent and detect program/insurance losses, provide a visible audit presence, ensure program objectives are being accomplished, and assist program managers to find solutions for known or potential program weaknesses. Emphasis on crop insurance programs is needed because of the significance of prior audit findings, the expansion (i.e., new types of insurance) and revision of major insurance programs, the reliance placed upon FCIC by Congress to be the "safety net" for American farmers, the departmental reorganization, and the mandated changes under ARPA.

Our FY 2001 audits continued to disclose problems with RMA's administration of the FCIC programs in the areas of crop loss claims (preparation and loss adjustment), implementation of new pilot programs, producers' reporting of production, insurance contracts for a particular commodity, conflicts of interest within the reinsured companies, and establishment of a reliable quality control system.

For FY 2002 we have planned 1,760 staff days for RMA audit coverage. This represents about 4.7 percent of our total planned staff days. Among the major audits of RMA planned for FY 2002 are audits or evaluations to assess the Department's development, implementation,

and administration of the programs provided under ARPA; to evaluate RMA's Data Acceptance System processing controls, evaluation of RMA's system for approving and processing written agreements and the nursery crop insurance program, review of RMA's process for establishing yields and maximum price selections, establishment of pilot programs, and our FCIC financial statement audits.

INVESTIGATIONS

Our investigative strategy in risk management is to investigate apparent fraud involving Federal crop insurance programs and to continue working closely with the RMA risk compliance division to ensure the timely referral of matters of interest and to strengthen the effectiveness of the compliance unit. We expect to increase the number of investigations we conduct in this area in FY 2002, and anticipate devoting 9 percent of our investigative resources to it.

GOVERNMENT PERFORMANCE AND RESULTS ACT

The Government Performance Results Act (GPRA) of 1993 requires that all Federal departments and agencies establish performance measures that measure outcomes of their programs. USDA is one of largest cabinet level departments and includes agencies that have very diverse missions. These missions include management of traditional farm programs, private lands conservation, domestic food assistance, agriculture research and education, agricultural marketing, international trade, meat and poultry inspection, forestry and rural development programs. Under GPRA, USDA and its agencies develop annual performance plans that establish performance goals and measures covering the fiscal year and provide direct linkages between USDA's longer-term goals and the agencies day-to-day activities. USDA agencies prepare annual performance reports to subsequently report on the degree to which they have met their performance goals.

USDA has developed five strategic goals related to the important mission areas of the Department. These five goals include (1) expanding economic and trade opportunities for U.S. agriculture producers; (2) promoting health by providing access to safe, affordable, and nutritious food; (3) maintaining and enhancing the Nation's natural resources and environment; (4) enhancing the capacity of all rural residents, communities, and businesses to prosper; and (5) operating an efficient, effective, and discrimination-free organization. The five strategic goals have a number of performance goals that must be met before the Department accomplishes them. GAO has issued two reports that evaluated USDA's progress in accomplishing its established program outcomes. On USDA's FY 2000 performance report and its FY 2002 performance plan, GAO concluded that USDA still needed to take additional actions on its established program outcomes. However, GAO concluded that USDA had made some improvements over its FY 1999 performance report and FY 2001 performance plan. The FY 2002 performance plan, as stated by GAO, "presented USDA as single department with clear missions, rather than a collection of separate agencies with a diversity of loosely related roles."

AUDIT

In FY 2000, we issued an audit report that reviewed the Forest Service's (FS) Implementation of GPRA. Our review found that FS' FY 1999 annual performance report was based on flawed data and assumptions to the extent that the report did not provide reliable information about actual performance or the agency's progress in meeting its goals and objectives. In

addition, we found that internal controls over performance measures were inadequate as designed and implemented. FS has no way of reviewing and correcting improper reporting of performance accomplishments submitted by its field units. We recommended that FS develop and implement a comprehensive strategy to ensure the collection and reporting of accurate, complete, and meaningful performance data. Our audit of FS' FY 2000 Financial Statements found that it had developed a comprehensive strategy to collect and report accurate, complete and meaningful performance measures but had not fully implemented procedures.

In FY 2001, we issued an audit report that reviewed Rural Development's (RD) implementation of GPRA. Our review found that performance data contained in RD's FY 1999 Annual Performance Report was inaccurate or unsupported and targets established were not always documented, resulting in a report that was of little or no utility. In addition, we found RD included performance measures that were not relevant to its mission goals and, therefore, those measures did not provide meaningful information for assessing performance. We recommended RD develop procedures to implement GPRA that include processes that ensure collecting and reporting of accurate, complete, and meaningful performance data. RD agreed with our recommendations and stated that it would establish a GPRA committee to document and implement a comprehensive strategy to ensure the collection and reporting of accurate, complete, and meaningful performance data.

Our audit strategy will use a significant amount of OIG audit resources to review USDA's and its agencies' implementation of GPRA. All financial statement and performance audits will include procedures to review the internal controls over the audited agencies collecting and reporting of their performance data. OIG participates in the Department's GPRA working groups and will continue to make meaningful recommendations that will help the Department's agencies improve their collecting and reporting of performance data, so they can comply with the requirements of GPRA.

ACCOUNTING AND FINANCIAL MANAGEMENT

The Chief Financial Officers (CFO) Act of 1990 designated USDA as part of the pilot program to prepare and audit financial statements, beginning with the FY 1990 statements. The Government Management Reform Act of 1994 further defined the CFO Act requirements for agencies to submit audited financial statements to OMB. Financial statements are now being prepared each year covering all departmental activities, including all revolving and trust funds and programs that perform substantial commercial functions.

In its FY 2000 financial statements, the Department reported net assets of over \$124 billion and total liabilities of approximately \$116 billion. In addition to the reported assets, the Department is responsible for over 192 million acres in stewardship land. Other account balances in the FY 2000 financial statements included almost \$74 billion in net loans receivable and approximately \$79 billion in long-term debt owed by USDA. Financial management systems maintained by the Department are used to process all transactions for USDA. These systems also provide financial reports to agency managers as well as to nondepartmental entities. The systems are maintained on large-scale computers at either the National Information Technology Center (NITC) or the National Finance Center (NFC).

AUDIT

Our audit strategy encompasses the Department's financial statements, as well as the financial management systems and the responsibilities of the Office of Chief Financial Officer (OCFO). OCFO provides leadership, expertise, coordination, and evaluation in the development of departmental and agency programs in financial management, accounting, Federal assistance, and performance measurements. OCFO also provides, through NFC, central accounting and/or administrative services for all USDA agencies and about 86 other Federal agencies/bureaus outside USDA.

In FY 2001, we performed audits or provided oversight of audits of the FY 2000 financial statements for CCC, FCIC, FNS, FS, and the RD mission area, including the Rural Telephone Bank (RTB), as well as the FY 2000 consolidated USDA financial statements. We also completed an audit of the FY 2000 financial statements for the Department's working capital fund. In addition, we monitored implementation of the USDA Foundation Financial Information System (FFIS).

In FY 2002, we plan to audit the FY 2001 financial statements for CCC, FCIC, FNS, FS, and the RD mission area, including RTB, as well as the consolidated USDA financial statements. We also plan to audit the USDA working capital fund financial statements for FY 2001, review cash management activities within the Department, review NFC's personal property system, determine whether the Department's administrative billing and collections system complies with the Debt Collection and Improvement Act, plus complete our audit of controls over unliquidated obligations. We will continue to monitor the implementation of FFIS, audit NFC's and NITC's general controls, and monitor NFC upgrades of the payroll processing system. In addition, we plan to continue our review and validation of cash flow models associated with credit reform activities involving RD, CCC, and FSA. FS, with OIG as the contracting officer technical representative, contracted with an outside CPA firm to complete audit fieldwork for its FY 2001 financial statements. We are continuing to work with FS to improve its financial management, including verifying the existence and estimating the value of its real property.

Our efforts to work with and provide technical assistance to the Department in the area of accounting and financial management will continue into FY 2002. OIG is a member of the USDA Accounting Policy and Financial Statements Coordinating Committee; through this committee we provide our views and technical assistance to the working groups. We also meet with work teams, task forces, and review boards to deal with subjects on USDA's FFIS, cash management, cost accounting, credit reform, and other financial management issues. We strive to become partners with OCFO in order to improve operations. We coordinate with OCFO on general control reviews and system audits, training, and the resolution of issues with OMB and GAO.

INFORMATION TECHNOLOGY/SECURITY

Information technology (IT) is critical to the delivery of USDA's programs. The use of the Web-based technology, commonly referred to as e-Government, offers the Department the opportunity to improve the processes it uses to conduct business and achieve its mission objectives. The Department currently uses the Internet for program delivery including sharing of trade information, signup procedures, and outreach activities. Additional e-Government initiatives remain under development. As technology has enhanced the ability to share information instantaneously among computers and networks, it has made organizations more vulnerable. The Department's mission critical information systems and networks are now exposed to an unprecedented level of risk including equipment failures, human errors, physical and electronic cyber attacks. The Department has established a departmentwide security program, however, it has not reached its goal of adequately securing the Department's critical resources.

Congress and the President continue to emphasize making Government services available via Web-based technology. The Government Paperwork Elimination Act (P.L. 105-277) directs OMB to develop procedures to provide for the (1) option of electronic submission, maintenance and disclosure of information, and (2) use and acceptance of electronic signatures. The Freedom to E-File Act (P.L. 106-222) requires USDA to establish an electronic filing and retrieval system to enable farmers to file forms. The President's Management and Performance Plan for FY 2002 identified electronic government as one of five Governmentwide initiatives.

Congress recognizes the Government will need to protect the confidentiality, integrity, and availability of information in a networked environment. The Government Information Security Act (GISRA) (P.L. 106-398) provides a framework for Federal agencies to make information systems more secure. Among other features the legislation requires each Government agency to implement a computer security plan, undergo an annual information security audit, report intrusions, and train workers in security awareness.

The Chief Information Officer (CIO) has overall responsibility for establishing departmental security policy and ensuring the Department's IT management is consistent with security requirements standards. However, each USDA agency remains responsible for managing its own security operations. In August 1999, the CIO issued "An Action Plan to Strengthen USDA Information Security," which identified weaknesses and made recommendations for improving the IT security of the Department. The CIO has begun to address the issues identified in the plan but additional work is needed.

The major issues surrounding USDA's IT activities include the use of Web-based technology, the adequacy of security and control over IT systems and resources, and the lack of integration of many disparate systems. Of current major significance in USDA are:

- IT security as the Department implements Web-based technologies to deliver services and operate the Department's programs;
- Migration and conversion of data and operations from existing legacy systems to new Web-based systems;
- Business reengineering initiatives to ensure the Department has adequately modified its processes to assure it can adequately deliver its services in an electronic environment;
- The implementation of the Corporate Administrative Strategy, which seeks to eliminate and consolidate legacy accounting, procurement, payroll, and human resources systems;
- Capital planning and investment control requirements from the Clinger-Cohen Act through guidance issued by OMB.

AUDIT

This strategy highlights USDA's increasing reliance upon Web-based technology to deliver and manage its operations, the significant investment in and use of automated resources, the importance of careful planning to ensure that the resources acquired are needed and prudently obtained, and the importance of designing and implementing effective security and control measures.

In FY 2001, we completed (1) audits of the IT security programs, including access, physical, and network controls at several USDA agencies; (2) an evaluation the Department's overall information security program as required by GISRA; and (3) reviews of NFC and NITC general controls including selected aspects of automated data processing security. We reported that the Department and most component agencies have not assessed the risks to their systems and established mitigation plans. Further the agencies have not prepared and/or tested contingency and business continuity plans. We used commercial off-the-shelf software products to assess selected USDA network components. Our scans disclosed a large number of potential vulnerabilities that could be exploited from within the Department's networks and from the Internet. We determined that the agencies have not established adequate physical and logical access controls to ensure that only authorized users can access critical agency data. We continued to monitor the development and implementation of the Department's new financial system, the Foundation Financial Information System.

INVESTIGATIONS

We are very concerned about unauthorized access to departmental computer systems and data. The CIO, as the departmental agency responsible for collecting information regarding computer intrusions, refers these violations to OIG. During FY 2002, we will continue to investigate intrusions where warranted and increase resources for our computer investigation support group in order to investigate and assist in the prosecution of computer intrusions.

RURAL DEVELOPMENT

The Rural Development (RD) strategy addresses three program areas, including the Rural Business-Cooperative Service (RBS), the Rural Housing Service (RHS), and the Rural Utilities Service (RUS). RD's mission is to forge new partnerships with rural communities, fund projects, and provide technical assistance to help create quality jobs, services, housing, and utilities. RD's direct and guaranteed loan portfolios totaled over \$81 billion as of September 30, 2000.

RBS makes grants and direct and guaranteed loans to fund projects that create or preserve jobs and promote a clean rural environment. RBS funds are intended to be leveraged with funds from public and private lenders to meet business and credit needs in underserved areas. RHS provides credit assistance primarily through direct and guaranteed loans for housing programs, both single and multifamily. RHS also funds community facilities to build and improve other types of essential public services such as health care facilities, schools and libraries, child and adult day care centers, community centers, transportation services, and fire and police stations. RUS makes direct and guaranteed loans to nonprofit and cooperative associations to finance construction of distribution lines and systems in rural areas for electric, telecommunications, and water and waste facilities.

The three program areas also provide some direct services and assistance. RBS, in partnership with the private sector and community-based organizations, provides financial assistance and business planning through grants and loans, both direct and guaranteed. RHS provides to borrowers (who have the minimum required number of low and moderate-income families) interest credit subsidies that lower rents to tenants. RHS provides additional housing subsidies to borrowers with eligible low- and moderate-income rural families in the form of rental assistance, furthering lower rental costs. RUS awards grants to schools, libraries, hospitals, and medical facilities for distance learning and telemedicine and for the improvement and management of water resources and waste disposal systems.

AUDIT

During FY 2001, OIG focused audit resources on management controls and program delivery. Our review of the new Guaranteed Rural Rental Housing Program (GRRHP) disclosed that the program had not met the congressional intent of providing decent, safe, and sanitary housing to low- and moderate-income residents in rural areas. RHS did not appropriately monitor and administer the GRRHP. The agency also reported inaccurate and misleading performance data

to Congress, OMB, and in GPRA reports. In appropriation requests to Congress, and in GPRA, RHS reported that GRRHP had built thousands of RRH units and that the program had been tremendously successful. As a result, annual program appropriations increased from \$13 million to \$100 million from FY 1996 to 2001.

FY 2001 audits also included a review of RRH insurance expenses where we found over \$900,000 in excessive and improper costs charged to RRH projects. A second phase to the audits conducted in FY 2001 found similar problems and improper costs.

In prioritizing the work to be performed during FY 2002, we will continue our focus on areas that have historically been "high risk" and will add coverage to monitor the effects of major shifts in program policy, large dollar increases in appropriations and program levels, and new programs.

For FY 2002, more work is planned on RRH insurance expenses to assess RHS' ability to correct identified problems and to prevent future losses through appropriate internal controls. The review will utilize our increasing expertise with RHS' database systems (where insurance data is collected and stored) and involve a comparison of RHS insurance data to the records of large private sector insurance companies. Other planned audits in the RRH program include borrowers participating in multiple Government programs, tenant eligibility for rental assistance, financial statement audits of two RRH projects, and transfers and assumptions of multifamily housing loans.

We also plan to review RHS' Single Family Housing Program, including lender servicing actions on guaranteed loans, accuracy and completeness of lender appraisals, the servicing and accountability of sold rural housing loans, and review of RHS' Centralized Servicing Center special loan-servicing procedures, which include interest credit, moratoriums, reamortizations, debt settlements, graduations, and liquidations.

In FY 2002, we plan to complete our nationwide report on RBS' guaranteed Business and Industry (B&I) loan program. In addition, we plan to review B&I direct loans, non-traditional lenders, the rural intermediary relending program, development grants, liquidations, and appraisals.

Audit work will include the eligibility of RUS borrowers and an assessment of their probable success regarding funding for broadband services to rural areas. We will also determine whether water and waste grants were only made to viable systems.

Finally, we will again audit RD's FY 2001 financial statements and continue to oversee the contracted audit work for RTB financial statements.

INVESTIGATIONS

We continue to investigate allegations of fraud in RHS' single-family housing and RRH programs. Single-family housing fraud typically involves the borrower's failure to accurately report household income, or composition, or both. RRH fraud investigations primarily involve housing project managers' theft or misuse of funds from reserve accounts, falsification of records of tenants or occupancy, and "layering" of management functions and costs in order to siphon off money without justification and for personal gain.

During FY 2002, we expect some increase in the number of investigations into RHS program fraud. In addition, we anticipate a substantial increase in investigations involving RBS guaranteed and direct loan fraud. We will expend about 9 percent of our investigative resources on RD programs.

MANAGEMENT/CONTROL OF ENVIRONMENTAL HAZARDS

This strategy brings together a wide range of agency programs and operations under a general concern for the protection of the environment and the abatement of any environmental hazards that result from practices in agriculture and forestry. Agricultural production is considered to be a major contributor to the Nation's pollution problems. The Department has adopted a comprehensive policy that guides efforts for correcting these problems and reducing future environmental damage from farming and forestry.

Agencies of the Federal Government are required to identify and remedy their noncompliance with Federal, State, and local standards for environmental quality. Noncompliance could include pollution from noise, the use of pesticides and chemicals, and toxic and radioactive wastes. USDA operates over 21,000 buildings at more than 15,000 locations and controls nearly 193 million acres of land. Violations of Federal or State standards at Government-owned or -operated facilities subject agencies to legal and administrative actions which may result in the criminal prosecution of Federal employees, the loss of program funds, or delayed projects.

USDA works with the U.S. Environmental Protection Agency to schedule problem areas for remedial action. These plans are coordinated and presented as a single funding item under the budget for departmental administration. Major areas of funding are associated with actions to prevent and remedy environmental damage from active and abandoned mines on the public lands that are under the stewardship of USDA. Other pollution abatement and prevention issues are conducted through the program efforts of numerous agencies. Among the responsibilities of these agencies is the assurance that environmental program funds and activities are distributed without discrimination due to race or income.

AUDIT

Our strategy is to review the Department's implementation of the Federal Facilities Compliance Act, evaluate agency efforts to discover new and improved technologies that reduce environmental pollution and hazardous waste, and assess the impact on the environment of major programs designed to assist the agricultural and forestry communities.

Since FY 1999, we have been assisting the Department in meeting the Federal deadline for Underground Storage Tank compliance by identifying and correcting tanks on Forest Service lands that had not been upgraded or removed as required by law. We worked closely with the Chair of the Hazardous Materials Policy Council to implement the Secretary's reorganization efforts to improve the management and disposal of hazardous materials. We also began our review of the use and effectiveness of the Department's special appropriation for identifying, correcting, and preventing hazardous materials management violations at USDA facilities.

In FY 2002, we will complete our evaluation of the Hazardous Waste Fund.

PROGRAM COMPLIANCE ECONOMY, AND EFFICIENCY,

The Program Compliance, Economy, and Efficiency strategy incorporates all programs and activities not included in other strategic areas. It includes special requests; audit followup; single audits of States, local governments, and nonprofit organizations; and the quality of audits performed by non-Federal auditors.

AUDIT

During any year, issues develop which we cannot anticipate during the planning process. These issues usually develop from Secretarial, agency, congressional, or OIG concerns regarding fraud, waste, or abuse. In order to respond to these concerns, OIG reserves time for any unanticipated requests.

We also set aside time in our plan to monitor the management decisions made for audit recommendations presented in our audit reports. The purpose of management decisions is to ensure that the auditee and OIG agree on the actions to be taken to correct deficiencies. Once OIG agrees with the management decision, management is responsible for implementing final actions. Final actions are monitored and tracked by OCFO.

Our FY 2002 plan includes time for ensuring the quality of audits performed by non-Federal auditors in accordance with OMB Circular A-133, as well as those submitted to USDA agencies under program-specific requirements. When substandard audit work is identified, we refer the independent auditor to the State Board of Licensing Authorities and the American Institute of Certified Public Accountants.

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MAJOR AUDITS PLANNED FOR FISCAL YEAR 2002

Below are brief descriptions of major audits and initiatives planned for FY 2002. A complete listing of audits planned for the upcoming year is provided in appendix III.

NATURAL RESOURCES AND ENVIRONMENT

Forest Service (FS)

TITLE: FY 2001 FS Financial Statements
FY 2002 FS Financial Statements

OBJECTIVE(S): Determine if FS' financial statements are presented fairly in all material respects in accordance with applicable accounting principles, if internal accounting controls are adequate, and if FS complies with applicable laws and regulations.

TITLE: Special Use Permits - Commercial Filming

OBJECTIVE(S): Perform preliminary review of controls over the administration of special use permits in regards to commercial filming.

TITLE: Monitoring the National Fire Plan.

OBJECTIVE(S): Review controls over firefighting expenditures and reporting of accomplishments. Determine compliance with applicable laws and regulations.

TITLE: Land Adjustment Program Initiative

OBJECTIVE(S): Evaluate the effectiveness of the new controls implemented by FS in response to recent audit findings to determine effectiveness in the prevention of fraud, waste, and abuse.

TITLE: Categorical Exclusions in the National Environmental Policy Act (NEPA) Process

OBJECTIVE(S): Determine if FS is appropriately using categorical exclusions as part of the NEPA process.

TITLE: Protection of Land Ownership Title

OBJECTIVE(S): Perform preliminary review of FS activities to resolve and prevent encroachment and title claim cases on FS lands.

TITLE: Urban and Community Forestry

OBJECTIVE(S): Become familiar with cooperative programs for Urban and Community Forestry. Determine if program objectives are being achieved and accomplishments are being accurately reported through the GPRA reporting process.

Natural Resources Conservation Service

TITLE: Effectiveness of Status Reviews in Assessing Conservation Compliance

OBJECTIVE(S): Evaluate whether the status review process produces an accurate and reliable assessment of producer compliance with the conservation provisions.

TITLE: Wetlands Reserve Program

OBJECTIVE(S): Evaluate the wetland protection program project selection process and determine whether projects are completed and maintained.

FARM AND FOREIGN AGRICULTURAL SERVICES

Commodity Credit Corporation (CCC)

TITLE: FY 2001 CCC Financial Statements
FY 2002 CCC Financial Statements

OBJECTIVE(S): Determine if CCC's financial statements are presented fairly in all material respects in accordance with applicable accounting principles, if

internal accounting controls are adequate, and if CCC complies with applicable laws and regulations.

Farm Service Agency (FSA)

TITLE: Farm Ownership and Operating Loans

OBJECTIVE(S): Evaluate internal controls over loan making and loan servicing.

TITLE: 2000 Quality Loss Program (QLP)/QLP for Apples and Potatoes (QLP-AP) and Related Crop Disaster Program (CDP) Provisions

OBJECTIVE(S): Provide program managers with an ongoing assessment of the implementation and administration stages of the programs.

TITLE: Emergency Disaster Loans

OBJECTIVE(S): Determine whether internal controls over emergency loans are adequate, especially to ensure loans are made to eligible producers and used for approved purposes.

TITLE: End-of-Year (EOY) Payment Limitation Reviews

OBJECTIVE(S): Determine whether FSA EOY reviews are adequate to detect errors and irregularities and whether FSA collects sufficient competent evidence to support EOY conclusions. We will compare EOY review processes across State lines.

Risk Management Agency

TITLE: Nursery Crop Insurance Program

OBJECTIVE(S): Determine if the nursery crop insurance program has been administered in compliance with reinsurance agreement.

TITLE: FY 2001 FCIC Financial Statements
FY 2002 FCIC Financial Statements

OBJECTIVE(S): Determine if FCIC's financial statements are presented fairly in all material respects in accordance with applicable accounting principles, if internal accounting controls are adequate, and if FCIC complies with laws and regulations.

- TITLE:** Data Acceptance System (DAS) Processing Control
- OBJECTIVE(S):** Ascertain the effectiveness and applicability of the current system's edit checks, data management, and management reports. This will include an assessment of controls to preclude producers or others from insuring acreage that is already insured and ensure that producers report all acreage for an insured crop.
- TITLE:** Implementation of the Agricultural Risk Protection Act (ARPA)
- OBJECTIVE(S):** Assess the development, implementation, and administration of the programs provided under ARPA. Provide an ongoing assessment of the development of regulations throughout the implementation and administration of the programs. ARPA provided new risk management initiatives for livestock producers; NAP; multiyear crop losses; data sharing; and changes to the research and development activities. The review will be performed in multiple phases as programs are developed by the agencies.
- TITLE:** Management of RMA's Established Yields
- OBJECTIVE(S):** Determine if actual production histories (APH) and T-yields are sound. This will include yields for traditional and non-traditional crops. Also, review the propriety of yields and acreages for catastrophic policies.
- TITLE:** RMA's Established Maximum Prices
- OBJECTIVE(S):** Determine the propriety of the process to establish maximum price guarantees and update them for current market conditions. This will include price guarantees established for all types of policies.
- TITLE:** RMA Optional Unit Survey
- OBJECTIVE(S):** Identify the value of program savings that could be realized by USDA by restructuring or eliminating the use of optional units within insurance programs. The use of optional units, as currently being administered, creates moral hazards to insureds by increasing the potential of program abuse through production shifting.
- TITLE:** Pilot Programs
- OBJECTIVE(S):** Review the approval and implementation of RMA pilot insurance programs.

TITLE: Review of Written Agreements

OBJECTIVE(S): Determine if written agreements are administered by RMA in a manner that assures reasonable compliance with provisions of applicable laws and regulations.

RURAL DEVELOPMENT

TITLE: FY 2001 Rural Development Financial Statements
FY 2002 Rural Development Financial Statements

OBJECTIVE(S): Determine if Rural Development's consolidated financial statements are prepared fairly in all material respects in accordance with applicable accounting principles, if internal accounting controls are adequate, and if Rural Development complies with applicable laws and regulations.

Rural Business-Cooperative Service (RBS)

TITLE: Business and Industry (B&I) Guaranteed Loan Program, Non-Traditional

OBJECTIVE(S): Determine if RD's procedures for approving non-traditional lenders are sufficient to include a determination whether the lenders (1) have the capital and capacity to process and service loans without the maximum percent of guarantee on each loan, and (2) are able to successfully service the loan portfolio.

TITLE: Appraisals of B&I Loan Collateral

OBJECTIVE(S): Determine if (1) policies and procedures for completing appraisals of loan collateral are adequate, (2) lenders and appraisers are following appraisal procedures, (3) appraisals reflect the true value of loan collateral, and (4) lenders evaluate appraisals to ensure that pledged collateral adequately secures B&I loans.

TITLE: Rural Intermediary Relending Program (IRP)

OBJECTIVE(S): Determine if IRP loans are made for ineligible purposes, if improper use was made of loan funds, and whether monitoring procedures were followed.

- TITLE:** Value Added Agricultural Product Market Development Grants (VADG)
- OBJECTIVE(S):** Evaluate (1) whether RBS grant funds totaling \$5 million were effectively used to establish an agricultural product producer's information resource center, and (2) determine if VADG effectively encouraged independent producers and met program objectives.
- TITLE:** B&I Loans – Liquidations
- OBJECTIVE(S):** Determine if lenders submitted required documentation (liquidation plan) to RD in a timely manner. Determine if RD reviewed the information submitted and sufficiently followed up on the status of the loan. Determine if regulations were followed relating to liquidation of loans and if collateral proceeds obtained during liquidation were correctly reported and applied to the guaranteed loans.
- TITLE:** B&I Guaranteed Loan Program - Washington State
- OBJECTIVE(S):** Review a specific loss identified by RD to include determining (1) if the appraisal was prepared according to regulations, (2) the loan was sufficiently collateralized, and (3) if funds were used for program purposes.
- TITLE:** B&I Direct Loan Program
- OBJECTIVE(S):** Determine if RD State offices are making and servicing direct B&I loans in accordance with program regulations and procedures. Some States are experiencing a high delinquency and liquidation rate in their direct B&I loan portfolios. A national report will be issued summarizing the results of individual State audits.
- TITLE:** Lender Servicing of B&I Guaranteed Loans
- OBJECTIVE(S):** Determine if specific recommendations are needed to improve the controls over lenders' servicing of guaranteed B&I loans. A national report will be issued summarizing the results of individual B&I loan audits that have identified negligent servicing on the part of some B&I lenders.

Rural Housing Service (RHS)

TITLE: Rental Assistance Paid To Rural Rental Housing (RRH) Projects In Florida

OBJECTIVE(S): Determine if (1) RRH project management is properly determining tenants eligibility for rental assistance, and (2) RHS officials properly monitor RRH projects and the rental assistance program.

TITLE: Lender Servicing of Delinquent Guaranteed Rural Housing (RH) Loans

OBJECTIVE(S): Determine if (1) lenders servicing actions on delinquent guaranteed RH loans were adequate and timely, (2) loss claims were for allowable expenses and calculated correctly, and (3) RHS properly monitored lenders servicing actions, especially lenders with high delinquency rates and large losses.

TITLE: Servicing and Accountability of Sold RH Loans

OBJECTIVE(S): Evaluate the servicing of sold RH loans and determine if interest credit is being properly processed. Determine whether protective advances can be accounted for and if the master servicer is properly collecting repayments and reimbursing RHS.

TITLE: Single Family Housing Loan Servicing Actions – Liquidation Procedures

OBJECTIVE(S): Review the controls and automated system over the Centralized Servicing Center's (CSC) servicing of single family housing liquidation procedures, including a review of foreclosures, accelerations, and real estate owned.

TITLE: Single Family Housing Loan Servicing Actions – Special Procedures

OBJECTIVE(S): Review internal controls over CSC's single family housing special loan servicing procedures, including a review of borrower eligibility for interest credit/payment assistance agreements, moratoriums, reamortizations, debt settlements, bankruptcies, assumptions, and graduations to private lenders. Determine how the automated systems support this functionality.

- TITLE:** RRH Borrowers Participating in Multiple Government Programs
- OBJECTIVE(S):** Identify RRH borrowers that participate in multiple government programs (i.e., USDA, HUD, etc.) that have been identified as problem participants. Determine whether the problems identified could jeopardize or otherwise negatively impact the borrowers' obligations/participation in USDA programs. Identify specific borrowers for review.
- TITLE:** RRH Program, Servicing of Insurance Expenses
- OBJECTIVE(S):** Determine if RHS has adequate controls, such as an effective database to record, store, and analyze insurance expenses reported by borrowers. Identify very high or very low insurance costs and determine whether servicing is effective.
- TITLE:** Financial Statement Audit – Selected RRH Borrowers
- OBJECTIVE(S):** Conduct a financial statement audit of two RRH projects. Determine whether the financial statements presents fairly the financial position, results, and cash flows in accordance with generally accepted accounting principles. Determine compliance with laws and regulations for those transactions and events that may have a material effect on the financial statements.
- TITLE:** Transfers and Assumptions of Multifamily Housing (MFH) Loans
- OBJECTIVE(S):** Quantify the number of transfers of RRH project ownership during the period 1999-2001, and determine the cause for the increase and impact on RHS. Assess the impact of the additional work on RHS staff and the effect it has as their resources are diverted from other, more productive, activities.

Rural Utilities Service (RUS)

- TITLE:** RUS Broadband Telecommunication Loans
- OBJECTIVE(S):** Determine if the broadband telephone loan program is administered in accordance with Title 7 U.S.C. 950AAA, to finance construction and installation of broadband telephone services in rural America to consumers where such services do not exist. Determine whether borrowers are reviewed for financial strength, are eligible to participate

in the loan program, and whether loan projects have reasonable assurance of market penetration.

TITLE: Rural Utilities Service Water and Waste

OBJECTIVE(S): Determine if water and waste grants were provided only when needed to make a system viable, and if grant applicants sought credit from appropriate private sources prior to approval of RUS obligations.

TITLE: FY 2001 Rural Telephone Bank Financial Statements
FY 2002 Rural Telephone Bank Financial Statements

OBJECTIVE(S): Determine if RTB's financial statements are presented fairly in all material respects in accordance with applicable accounting principles, if internal accounting controls are adequate, and if RTB complies with laws and regulations.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service (FNS)

TITLE: Accountability and Oversight of the National School Lunch Program

OBJECTIVE(S): Evaluate controls over accountability for meals claimed for reimbursement. Determine if procedures are adequate to assure that children approved for free and reduced price meals by direct certification are properly recertified each year.

TITLE: FNS FY 2001 Financial Statements
FNS FY 2002 Financial Statements

OBJECTIVE(S): Determine if FNS' financial statements are prepared fairly in all material respects in accordance with applicable accounting principles, if internal accounting controls are adequate, and if FNS complies with applicable laws and regulations.

TITLE: Continued Monitoring of EBT Systems Development

OBJECTIVE(S): Evaluate the adequacy of selected controls and perform an assessment of whether those controls are functioning as designed, including
(1) identifying controls in key operational areas, (2) performing tests to

ensure controls are in place and operating as designed. Evaluate FNS' oversight of State EBT systems.

TITLE: CACFP-California Oversight Followup

OBJECTIVE(S): Determine if the California Department of Education has implemented the necessary actions to address the issues reported in our prior audit.

TITLE: FSP Administrative Costs – Nationwide

OBJECTIVE(S): Evaluate the accuracy of administrative costs claimed, and the allowability of those costs.

FOOD SAFETY

Food Safety and Inspection Service (FSIS)

TITLE: Hazard Analysis and Critical Control Points (HACCP) – Compliance by Very Small Plants

OBJECTIVE(S): Evaluate FSIS' and plants' effectiveness in implementing and monitoring HACCP in very small plants (plants with 10 or fewer employees).

TITLE: Review of Food Safety Information Systems

OBJECTIVE(S): Determine if FSIS effectively uses its information systems, such as Field Automation and Information Management (FAIM) and Performance Based Inspection System (PBIS), to manage inspection and labeling activities, to ensure necessary actions are taken when plant inspections identify serious deficiencies, and when unsafe meat and poultry product enter the marketplace. Evaluate FSIS implementation of prior audit recommendations for the improvement of PBIS.

TITLE: Egg Processing Inspections

OBJECTIVE(S): Determine whether FSIS' monitoring of sanitation and processing in egg product plants is adequate.

- TITLE:** Residue Controls in a HACCP Environment
- OBJECTIVE(S):** Determine whether FSIS is effectively protecting the health and safety of consumers by preventing the distribution of meat and poultry products contaminated by violative chemical residues.
- TITLE:** Automated Import Information System – Third Generation
- OBJECTIVE(S):** Determine whether automated import information system third generation (1) provides the information and assurances anticipated by FSIS officials, (2) was implemented timely and effectively, and (3) contains quality data. Identify the cost associated with developing and implanting this system.
- TITLE:** Evaluation of FSIS Recall Operations
- OBJECTIVE(S):** Determine if FSIS recall procedures provide sufficient guidance to agency personnel to properly conduct recalls and whether they provide reasonable protection to consumers.

RESEARCH, EDUCATION, AND ECONOMICS

Agricultural Research Service (ARS)

- TITLE:** ARS Laboratory Operations Survey
- OBJECTIVE(S):** Review ARS' laboratory activities and identify potential issues related to cooperative agreements and laboratory operations.
- TITLE:** Florida A&M University Compliance with ARS Specific Cooperative Agreement
- OBJECTIVE(S):** Evaluate the internal controls, financial management systems, expenditure of Federal funds, and program management oversight at Florida A&M University.

Cooperative State Research, Education, and Extension Service (CSREES)

TITLE: Grant Funds Management

OBJECTIVE(S): Determine whether grant funds were properly expended according to grant stipulations and whether recipients met the required matching fund requirements.

TITLE: Implementation of Additional Controls Over Special Research Grants

OBJECTIVE(S): Evaluate controls over disbursing special research grants.

TITLE: Implementation of the Agricultural, Research, Extension, and Education Reform Act (AREERA).

OBJECTIVE(S): Determine whether CSREES has fully implemented the AREERA provisions.

MARKETING AND REGULATORY PROGRAMS

Animal and Plant Health Inspection Service (APHIS)

TITLE: Citrus Canker Monitoring Efforts South Florida

OBJECTIVE(S): Evaluate the controls for monitoring the citrus canker outbreak and determine if APHIS' quarantine efforts are preventing spread of citrus canker in South Florida.

TITLE: Controls Over Animal Care Program

OBJECTIVE(S): Evaluate inspections and animal care activities at universities and research facilities.

OFFICE OF THE CHIEF FINANCIAL OFFICER

TITLE: FY 2001 National Finance Center Internal Control Structure Review
FY 2002 National Finance Center Internal Control Structure Review

OBJECTIVE(S): Determine whether NFC's internal control structure is appropriately documented and provides reasonable assurance that data is processed properly.

OFFICE OF THE CHIEF INFORMATION OFFICER

TITLE: FY 2001 National Information Technology Center's General Control Review
FY 2002 National Information Technology Center's General Control Review

OBJECTIVE(S): Determine if the controls at NITC are in place, operating, and effective.

MULTIPLE AGENCY AUDITS

TITLE: Procedures for Monitoring Trade Agreements

OBJECTIVE(S): Review FAS current procedures for monitoring trade agreement compliance by foreign country trading partners. The survey will focus on activities of FAS multilateral trade policy affairs division and bilateral divisions. This will serve to follow up on actions taken to address weaknesses found in a previous OIG audit.

TITLE: Oversight of Private Voluntary Organizations (PVO) Operations

OBJECTIVE(S): Review FAS and FSA controls over PVO uses and accountability for commodities and funds used in the commodity distribution programs.

TITLE: Control Over Accidental and Clandestine Release of Pathogens or Plant Pests Into the Environment.

OBJECTIVE(S): Assess the Department's and its agencies' compliance with laws and regulations over the generation, handling, and disposal of hazardous biological materials.

TITLE: Environmental Liabilities

OBJECTIVE(S): Examine agencies' controls for assessing environmental liabilities prior to the acquisition or disposal of land; and examine adverse impact from inadequate, negligent, or false certifications of hazardous environmental conditions.

TITLE: FY 2001 USDA Consolidated Financial Statements
FY 2002 USDA Consolidated Financial Statements

OBJECTIVE(S): Determine if USDA's consolidated financial statements are presented fairly in all material respects in accordance with applicable accounting policies, including proper elimination of all interagency transactions and proper conversion of all agencies to accrual accounting. Also determine if the Department's internal control structure is adequate, and if USDA complies with laws and regulations in all material respects for the items reviewed.

TITLE: FY 2001 USDA Working Capital Fund Financial Statements
FY 2002 USDA Working Capital Fund Financial Statements

OBJECTIVE(S): Determine if USDA's Working Capital Fund (WCF) financial statements are presented fairly in all material respects in accordance with applicable accounting principles, if internal accounting controls are adequate, and if WCF complies with applicable laws and regulations.

TITLE: 2002 Farm Bill

OBJECTIVE(S): Monitor the formulation and implementation of the new farm bill, provide comments on new farm program regulations to strengthen controls as deemed necessary, and conduct early-on reviews of farm programs to identify and correct program weaknesses and deficiencies.

TITLE: Controls Over the Release of Genetically Engineered Organisms Into the Environment

OBJECTIVE(S): Examine the regulations of biotechnology within USDA in order to determine whether the regulatory authorities and control procedures over the release of genetically engineered organisms are adequate and effectively applied to protect agricultural production, forest fauna, and public health.

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APPENDIX III

FISCAL YEAR 2002 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
AMS	COLLECTION AND MANAGEMENT OF FEES AUDIT MANAGEMENT AND LIAISON	AT ALL	AT	125 58
	SUBTOTAL			183
APHIS	CITRUS CANCKER MONITORING EFFORTS SOUTH FLORIDA	AT	AT	125
	SAFEGUARDS TO PREVENT ENTRY OF PROHIBITED PESTS AND DISEASES INTO THE UNITED STATES	CH	CH	500
	ANIMAL CARE PROGRAM - COMPLIANCE MONITORING AUDIT MANAGEMENT AND LIAISON	SF ALL	SF	100 336
	SUBTOTAL			1061
ARS	FLORIDA A&M UNIVERSITY COMPLIANCE WITH ARS SPECIFIC COOPERATIVE AGREEMENT	AT	AT	100
	LAB OPERATIONS SURVEY	SF	SF	100
	AUDIT MANAGEMENT AND LIAISON	ALL		93
	SUBTOTAL			293
CCC	FISCAL YEAR 2001 CCC FINANCIAL STATEMENTS	KC	KC/FM	1000
	FISCAL YEAR 2002 CCC FINANCIAL STATEMENTS	KC	KC	700
	FY 2002 CCC FINANCIAL STATEMENT FIELD VERIFICATIONS	KC	KC/AT CH SF TE	600
	REVIEW OF CCC BIDDING PROCEDURES AND POTENTIAL COLLUSIVE ACTIVITIES	KC	KC	100
	AUDIT MANAGEMENT AND LIAISON	ALL		1112
	SUBTOTAL			3512
CIO	FY 2001 NATIONAL INFORMATION TECHNOLOGY CENTER GENERAL CONTROLS REVIEW	FM	FM	400
	FY 2002 NATIONAL INFORMATION TECHNOLOGY CENTER GENERAL CONTROLS REVIEW	FM	FM	50
	SECURITY CONTROLS OVER USDA'S COMMON COMPUTING ENVIRONMENT (CCE)	TE	TE/SF	300
	AUDIT MANAGEMENT AND LIAISON	ALL		347
	SUBTOTAL			1097
CSREES	GRANTS FUND MANAGEMENT	AT	AT	150
	IMPLEMENTATION OF ADDITIONAL CONTROLS OVER SPECIAL RESEARCH GRANTS	HY	HY	200
	IMPLEMENTATION OF AREERA	TE	TE	100
	AUDIT MANAGEMENT AND LIAISON	ALL		208
	SUBTOTAL			658

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
FNS	ACCOUNTABILITY & OVERSIGHT OF THE NATIONAL SCHOOL LUNCH PROGRAM	CH	CH	150
	FNS FY 2001 FINANCIAL STATEMENTS	HY	HY/CH KC SF TE	1525
	FNS FY 2002 FINANCIAL STATEMENTS	HY	HY	500
	CONTINUED MONITORING OF EBT SYSTEMS DEVELOPMENT	HY	HY/AT CH SF TE	1225
	BALTIMORE CITY NATIONAL SCHOOL LUNCH PROGRAM	HY	HY	250
	CONTROLS OVER AND ADEQUACY OF FSP	HY	HY	200
	FRAUD CONTROL COSTS IN NYC			
	NSLP-CHARTWELLS FSMC	KC	KC	50
	CACFP - CALIFORNIA OVERSIGHT FOLLOWUP	SF	SF	250
	REVIEW OF FNS COMPLIANCE BRANCH	SF	SF	100
	FSP ADMINISTRATIVE COSTS - CALIFORNIA	SF	SF	200
	FSP ADMINISTRATIVE COSTS - NATIONWIDE	SF	SF/AT CH HY KC TE	1350
	NUTRITION EDUCATION PROGRAM IN THE SOUTHWEST REGION	TE	TE	100
	GROUP LIVING ACCOUNTABILITY	TE	TE	60
	AUDIT MANAGEMENT AND LIAISON	ALL		2761
	SUBTOTAL 8721			
FS	FY 2001 FS FINANCIAL STATEMENTS	AT	AT/CH FM KC SF TE	1500
	FY 2002 FS FINANCIAL STATEMENTS	AT	AT/CH KC SF TE	1250
	FY 2002 FS FINANCIAL STATEMENTS (ADDED TIME W/O CONTRACT)	AT	AT/CH KC SF TE	350
	SPECIAL USE PERMITS - COMMERCIAL FILMING	SF	SF	200
	MONITORING THE NATIONAL FIRE PLAN	SF	SF	400
	LAND ADJUSTMENT PROGRAM INITIATIVE	SF	SF	200
	CATEGORICAL EXCLUSIONS IN THE NEPA PROCESS	SF	SF	150
	PROTECTION OF LAND OWNERSHIP TITLE	SF	SF	125
	URBAN AND COMMUNITY FORESTRY	SF	SF	100
	AUDIT MANAGEMENT AND LIAISON	ALL		1981
	SUBTOTAL 6256			
FSA	COLBY COUNTY V COMPLIANCE WITH FSA PAYMENT LIMITATION PROVISIONS	AT	AT	100
	IMPLEMENTATION OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT IN FSA - FY 2000	CH	CH	300
	FARM OWNERSHIP AND OPERATING LOANS	CH	CH	150
	CONSERVATION RESERVE ENHANCEMENT PROGRAM - CHESAPEAKE BAY WATERSHED	HY	HY	175
	ADMINISTRATION OF EMERGENCY CONSERVATION PROGRAM IN PUERTO RICO	HY	HY	100
	SURVEY OF FSA DISASTER PROGRAMS - VIRGINIA	HY	HY	200
	2000 QLP/QLP-AP AND RELATED CDP PROVISIONS	KC	KC/AT CH HY SF TE	525
	2000 MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS	KC	KC	25
	EMERGENCY DISASTER LOANS	TE	TE	200
	END-OF-YEAR PAYMENT LIMITATION REVIEWS	TE	TE/CH HY KC SF	400
	AUDIT MANAGEMENT AND LIAISON	ALL		1008
	SUBTOTAL 3183			
FSIS	HACCP - COMPLIANCE BY VERY SMALL PLANTS	AT	AT	200
	REVIEW OF FOOD SAFETY INFORMATION SYSTEMS	CH	CH	100
	EGG PROCESSING INSPECTION	CH	CH	100
	IMPORTED MEAT AND POULTRY REINSPECTION PROCESS - PHASE II	HY	HY	100
	RESIDUE CONTROLS IN A HACCP ENVIRONMENT	HY	HY	150

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
FSIS (cont'd)	AUTOMATED IMPORT INFORMATION SYSTEM - THIRD GENERATION	HY	HY	150
	EVALUATION OF FSIS RECALL OPERATIONS	KC	KC	200
	AUDIT MANAGEMENT AND LIAISON	ALL		463
	SUBTOTAL 1463			
MULTI	PROCEDURES FOR MONITORING TRADE AGREEMENTS	AT	AT	100
	FOOD SAFETY INSPECTIONS IN THE NATIONAL SCHOOL LUNCH PROGRAM	AT	AT	100
	OVERSIGHT OF PVO OPERATIONS	AT	AT	125
	CONTROLS OVER ACCIDENTAL/CLANDESTINE RELEASE OF PATHOGENS/PLANT PESTS INTO THE ENVIRONMENT	AT	AT	25
	ENVIRONMENTAL LIABILITIES	AT	AT	100
	CONTROLS OVER THE ACCIDENTAL OR CLANDESTINE RELEASE OF BIOHAZARDS	AT	AT	200
	FEDERAL RESEARCH TRANSFER PROGRAM	CH	CH	150
	REVIEW OF PURCHASE CARD INVOICE PAYMENTS AND REBATE CALCULATIONS	CH	CH	100
	FY 2002 USDA GOVERNMENT INFORMATION SECURITY REFORM ACT REVIEW	FM	FM	200
	SECURITY OF USDA INFORMATION TECHNOLOGY RESOURCES (PHASE II)	FM	FM/CH HY KC SF TE	1000
	SECURITY OF USDA INFORMATION TECHNOLOGY RESOURCES (PHASE III)	FM	FM/CH HY	500
	REVIEW OF INTERAGENCY TRANSFERS	FM	FM	100
	MONITORING RE-ENGINEERING OF DEPARTMENTAL ADMINISTRATIVE SYSTEMS	FM	FM	100
	CREDIT REFORM TASK FORCE	FM	FM	100
	FY 2001 USDA FINANCIAL STATEMENTS	FM	FM/AT CH HY KC TE	925
	FY 2002 USDA FINANCIAL STATEMENTS	FM	FM/CH HY TE	975
	FY 2001 USDA WORKING CAPITAL FUND FINANCIAL STATEMENTS	FM	FM	50
	FY 2002 USDA WORKING CAPITAL FUND FINANCIAL STATEMENTS	FM	FM	50
	E-GOVERNMENT SECURITY IN USDA	FM	FM	200
	2002 FARM BILL	HQ	AT CH HY KC SF TE	325
	CONTROLS OVER UNLIQUIDATED OBLIGATIONS	TE	TE/CH FM SF	725
	CONTROLS OVER THE RELEASE OF GENETICALLY ENGINEERED ORGANISMS INTO THE ENVIRONMENT	TE	TE	500
	OIG INFORMATION TECHNOLOGY RESOURCE LAB	FM	FM	200
	LAN AND CAPTAIN MAINTENANCE	ALL	(EXCEPT AT KC FM)	650
	SINGLE AUDIT MANAGEMENT	ALL	(EXCEPT AT FM)	235
	SPECIAL REQUEST AUDITS	ALL	(EXCEPT FM)	1730
	AUDIT FOLLOWUP	ALL	(EXCEPT FM)	500
	CONTRACT AUDIT ADMINISTRATION	ALL	(EXCEPT AT CH FM)	110
	AUDIT MANAGEMENT AND LIAISON	ALL		4668
	SUBTOTAL 14743			
NASS	NASS OPERATIONAL CONTROLS	FM	FM	255
	AUDIT MANAGEMENT AND LIAISON	ALL		118
	SUBTOTAL 373			

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
NRCS	EFFECTIVENESS OF STATUS REVIEWS IN ASSESSING CONSERVATION COMPLIANCE	KC	KC/AT CH HY SF TE	625
	WETLANDS RESERVE PROGRAM	SF	SF	100
	AUDIT MANAGEMENT AND LIAISON	ALL		336
	SUBTOTAL 1061			
OCFO	FY 2001 NATIONAL FINANCE CENTER INTERNAL CONTROL STRUCTURE REVIEW	FM	FM	250
	FY 2002 NATIONAL FINANCE CENTER INTERNAL CONTROL STRUCTURE REVIEW	FM	FM	650
	REVIEW OF PAYROLL/PERSONNEL SYSTEM AT OCFO/NFC	FM	FM	100
	REVIEW OF ACTIVITY BASED COSTING AT OCFO/NFC	FM	FM	200
	AUDIT MANAGEMENT AND LIAISON	ALL		556
	SUBTOTAL 1756			
RBS	B&I GUARANTEED LOAN PROGRAM NON-TRADITIONAL	AT	AT	75
	APPRAISALS OF B&I LOAN COLLATERAL	AT	AT	150
	RURAL INTERMEDIARY RELENDING PROGRAM (IRP)	CH	CH	100
	VALUE ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS (VADG)	KC	KC	100
	B&I LOANS - LIQUIDATIONS	SF	SF/TE	400
	B&I GUARANTEED LOAN PROGRAM - WASHINGTON STATE	SF	SF	50
	B&I DIRECT LOAN PROGRAM	TE	TE/SF	400
	LENDER SERVICING OF B&I GUARANTEED LOANS	TE	TE	200
	AUDIT MANAGEMENT AND LIAISON	ALL		683
	SUBTOTAL 2158			
RD	FY 2001 RURAL DEVELOPMENT FINANCIAL STATEMENTS	CH	CH/AT FM HY KC SF TE	1125
	FY 2002 RURAL DEVELOPMENT FINANCIAL STATEMENTS	FM	FM/CH	750
	AUDIT MANAGEMENT AND LIAISON	ALL		869
	SUBTOTAL 2744			
RHS	RENTAL ASSISTANCE PAID TO RRH PROJECTS IN FLORIDA	AT	AT	200
	LENDER SERVICING OF DELINQUENT GUARANTEED RURAL HOUSING LOANS	AT	AT	200
	SERVICING AND ACCOUNTABILITY OF SOLD RURAL HOUSING LOANS	AT	AT	200
	SINGLE FAMILY HOUSING LOAN SERVICING ACTIONS LIQUIDATION PROCEDURES	CH	CH	100
	SINGLE FAMILY HOUSING LOAN SERVICING ACTIONS SPECIAL PROCEDURES	FM	FM	200
	RRH BORROWERS PARTICIPATING IN MULTIPLE GOVERNMENT PROGRAMS	HY	HY	250
	RRH PROGRAM SERVICING OF INSURANCE EXPENSES	KC	KC	215
	FINANCIAL STATEMENT - SELECTED RRH BORROWER	SF	SF	100
	TRANSFERS AND ASSUMPTIONS OF MFH LOANS	TE	TE	200
	AUDIT MANAGEMENT AND LIAISON	ALL		771
	SUBTOTAL 2436			

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
RMA	INSURANCE COMPANIES' CATASTROPHIC RISK PROTECTION (CAT)	AT	AT	125
	NURSERY CROP INSURANCE PROGRAM	AT	AT	150
	FY 2001 FCIC FINANCIAL STATEMENTS	FM	FM	40
	FY 2002 FCIC FINANCIAL STATEMENTS	FM	FM	20
	DAS PROCESSING CONTROL	KC	KC	175
	IMPLEMENTATION OF THE AGRICULTURAL RISK PROTECTION ACT (ARPA)	KC	KC	200
	MANAGEMENT OF RMA'S ESTABLISHED YIELDS	KC	KC	100
	RMA'S ESTABLISHED MAXIMUM PRICES	KC	KC	100
	OPTIONAL UNIT SURVEY	SF	SF	200
	PILOT PROGRAMS	TE	TE/AT	350
	REVIEW OF WRITTEN AGREEMENTS	TE	TE	300
	AUDIT MANAGEMENT AND LIAISON	ALL		815
	SUBTOTAL			2575
RUS	RUS BROADBAND TELECOMMUNICATION LOANS	HY	HY	100
	WATER AND WASTE GRANTS	KC	KC	200
	FY 2001 RTB FINANCIAL STATEMENTS	FM	FM	40
	FY 2002 RTB FINANCIAL STATEMENTS	FM	FM	20
	AUDIT MANAGEMENT AND LIAISON	ALL		167
	SUBTOTAL			527
GRAND TOTAL STAFF DAYS				54800

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